Approved For Release 2005/11 280 CTA FROP 31 May 1984

HOUSE CHAIRMAN BALKS AT ADMINISTRATION INFORMATION BILLS BY DAVID GOELLER WASHINGTON

A key congressman is taking a "show-me" approach to two bills representing the latest skirmish in the Reagan administration's battle to slow the flow of government information to the public.

"Those who are advocating change must prove their case," says Rep. Glenn English, D-Okla., chairman of the House Government Operations information subcommittee, which is considering the two bills to amend the Freedom of Information Act (FOIA).

"The advocates of change have the responsibility to ... show that problems exist, give good strong reasons. ... I have not heard testimony that would justify significant change," English said in an interview.

The FOIA bills, part of a three-year administration effort that has included a now-dormant proposal to make nearly half the federal workforce liable for lie detector tests, passed the Republican-controlled Senate only after opponents forced heavy rewriting.

One measure would allow the CIA to declare even more of its super-secret files off-limits to citizen requests made under the FOIA. The proposal has been so reworked that even the American Civil Liberties Union has stopped opposing it.

The other bill, drawing a chorus of opposition from publishers, editors and public interest groups, seeks to make some 40 changes in the FOIA, which says Americans have a general right to demand and receive information from government.

The measure would extend from 10 days to 30 days the deadline by which bureaucrats must acknowledge _ but not necessarily comply with _ an FOIA request. For the first time, people seeking information would be charged the cost of reviewing records, although fee waivers could be given to the news media and non-profit groups.

Current law allows denial of FOIA requests if release of data would be an unwarranted invasion of personal privacy. The proposed change would allow withholding of information if an official believed release "could reasonably be expected" to intrude on privacy.

The bill would also allow the Justice Department to shield more of its crime records and permit businesses, not federal officials, to decide what data supplied to the government will be subject to FOIA discovery.

Mark Sheehan, a Justice Department spokesman, says the bill is necessary to recover the costs of processing tens of thousands of FOIA requests each year and to ensure that sensitive law enforcement information is protected.

But critics contend the measure is a step back from open government and that he FOIA should be strengthened, not weakened.

ARTICLE APPEARED ON PAGE A-14

CHRISTIAN SCIENCE MONITOR 31 May 1984



CIA covert action at what price?

STAT

By Stansfield Turner

ONGRESS faces an imminent decision on whether to continue funding the CIA's covert activities in Central America. Over and above the merits and demerits of the actions themselves, the Congress should consider the potential impact of these activities on the CIA's future capabilities. I believe that continuation of what is going on in Central America could seriously damage the agency.

There are two dangers: that Congress may tighten its controls over such activities unduly; and that the CIA, which has rebounded nicely after suffering great criticism following the Church committee's investigation of

1975-76, will be subjected to another buffeting.

Public attitudes toward the CIA are today being col-

ored by such reports as:

 A story in The Christian Science Monitor on May 8 charging that the CIA had helped organize, finance, and train Salvadorean intelligence units that engaged in "death squad" activities.

• A press release by Sen. Jesse Helms a few days later accusing the CIA of covertly contributing funds to the electoral campaign of José Napoleón Duarte for

president of El Salvador.

• A May 19 Washington Post story asserting that the CIA attempted to circumvent congressional limitations on covert-action funding for Central America by asking the Saudi Arabians and Israelis to provide the money.

Accurate or not, these reports revive the distorted image of the CIA as a "rogue elephant" which came out of

the Church committee.

The CIA should not have forgotten the serious damage that criticism did. Whatever endangers public support for the CIA endangers the CIA.

It should also be of significant concern to the CIA when it and Congress have as sharp differences as they

have had in this instance. For example:

• In December 1982 Congress and the CIA were so far apart that Congress passed an unclassified law restricting these supposedly secret activities. With this confirmation of supposedly covert operations, the CIA could hardly continue them with any hope of secrecy.

 Last April the administration was forced to all but confirm that the covert action had been expanded to the mining of Nicaragua's harbors. Sen. Barry Goldwater, chairman of the Senate's Select Committee on Intelligence, complained bitterly that he had not been adequately informed; CIA Director William Casey apologized.

In this atmosphere Congress will likely legislate more and more stringent rules governing the CIA. It has been tightening its control over CIA covert activities since December of '74. Then the Congress required, through the "Hughes-Ryan Amendment," that the President notify it "in a timely manner" of all covert actions. The Congress was uneasy that "timely" might not be soon enough. In 1980 it rewrote the law making it explicit that the President would notify it before the CIA's commencing any covert action in all but the most exceptional circumstances.

What the Congress has been saying to the President and the CIA for 10 years, then, is something like: "We are nervous about possible overuse of covert action. We want you to proceed cautiously, preferably in consultation with us."

The next move by Congress could be to require that the CIA obtain congressional approval for all covert actions, without exception. Such a move could impair the CIA's capability to do covert actions. In my experience several covert actions were highly desirable for the country, but could not have been undertaken if prior notification of the Congress had been required. That is not because Congress is not trustworthy, but because it would be unfair to ask individuals to risk their lives when more than the absolute minimum number of people know what they are doing.

Why has the administration accepted these several risks to our long-term intelligence capabilities? Because it hopes this covert action will be so successful that everyone will cheer and forget the acrimony it has engendered. That might have been the case in the World War II days of the OSS, but not today when the country has created a system of congressional committees on intelligence to act as surrogates for the public in overseeing intelligence activities. It is a system that places restraints on the executive department's use of the intelligence apparatus, but in so doing brings intelligence as close to being part of our normal democratic process of government as the inherent secrecy of intelligence permits.

Stansfield Turner is former director of the Central Intelligence Agency.

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CASEY TRADED STOCK BEFORE CREATING BLIND TRUST BY ROBERT PARRY WASHINGTON

STAT

CIA Director William J. Casey and his wife bought at least \$1 million in stocks and bonds last year and sold a similar amount in the nine months before Casey established a blind trust for his holdings, according to his financial disclosure statement released Thursday.

The report showed that Casey continued trading in stocks and securities right up to Oct. 7, when the bulk of his multimillion-dollar holdings were put in a blind trust beyond his control. In the two weeks before the trust was set up, Casey reported between \$690,000 and \$1.6 million in transactions.

Prior to creation of the trust, Casey said day-to-day control of his stock portfolio was in the hands of his longtime investment adviser, Richard Cheswick, who has denied that Casey ever gave him information that helped in making investment decisions.

Nevertheless, Casey aroused public and congressional criticism for keeping ultimate control over his holdings after he became CIA director in January 1981. His two predecessors at the CIA, as well as other senior Reagan administration officials with access to secret government financial data, created blind trusts for their holdings.

Last year, facing a threat of congressional action to force him to create a blind trust, Casey relented and agreed to establish one. Still, the arrangement left Cheswick in charge of Casey investments worth at least \$5 million and possibly more than \$8 million.

Exact amounts for holdings and transactions are impossible to determine from the disclosure form because the figures are given only within broad ranges and not in exact sums.

According to the form released Thursday by the CIA, Casey and his wife sold between \$1.2 million and \$3.6 million worth of stocks and bonds in 1983, prior to the Oct. 7 creation of the trust, and bought between \$1.1 million and \$2.6 million worth of stock and securities.

The Caseys also reported earning between \$494,000 and \$1.2 million in outside income from dividends, interest and capital gains on their investments. As a Cabinet-level official, Casey receives a salary of \$69,800.

During his three years as CIA director, Casey has come under frequent criticism for his financial dealings. In 1981, the Senate Intelligence Committee criticized Casey for failing to list holdings fully on the financial disclosure form he filed when he took office.

Subsequently, the form filed in May 1982 and covering 1981 showed that Casey had sold more than \$600,000 in oil stock as a glut developed in world oil markets. At the time he began selling the stock, the CIA had secretly revised an estimate, pushing back the date the Soviet Union was expected to begin importing oil.

In the form submitted last year which covered 1982, Casey reported buying stock worth \$1.9 million to \$4.5 million while selling stock worth at least \$1 million and possibly more than \$2.1 million. Most of Casey's stock transactions occurred as the stock market began a mid-August rally.

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CIA'S CASEY LISTS HIS ASSETS WASHINGTON

STAT

CIA Director William J. Casey, in a federal financial disclosure report made public Thursday, reported assets that could be worth as much as \$14 million.

The report, issued at CIA headquarters in nearby Langley, Va., revealed holdings or trading in more than 70 enterprises and stocks and bonds, up to Oct. 7, 1983, when they were placed in a special trust.

Investments ranged from property and a health-and-sport club to airlines, pharmaceuticals, television and communications, energy and hotels.

Casey also reported sales from January to October 1983 of investments whose value was difficult to estimate and of Treasury bonds totalling up to \$1 million. Last year he sold shares in Wendy's international that could be valued up to \$1 million.

The 24-page disclosure report showed that Casey had investments of 'over \$250,000' in each of eight enterprises ranging from Capital Cities Broadcasting, MCI Communications, Phillip Morris, Prentice-Hall and a 15 percent partnership interest in C & D Associates.

The disclosure form does not reveal exact figures -- only ranges, the smallest of which is ''\$1,000 and under'' and the largest ''over \$250,000.''

A cursory tally of issues bought, sold or retained indicated Casey's assets could have totalled as much as \$14 million before last Oct. 7.

Prior to establisment of the trust, the 71-year-old intelligence chief had been under congressional pressure and criticism for not following precedent and putting all of his holdings into a blind trust.

Last July 19, Casey agreed to a trust to avoid criticism that his investments might be with firms with which the agency does business or that he might benefit from ''insider'' information through intelligence facilities.

Documents obtained under a Freedom of Information Act last November showed that Casey did have stocks in concerns with classified CIA contracts when he took office early in 1981. The documents also showed, however, that agency attorneys and government ethics officials found no conflict of interest.

The FOI documents showed that Casey was unhappy with allegations that, after taking office, he disposed of more than \$600,000 in oil holdings on the basis of CIA estimates of worldwide oil production.

In a letter to the Senate Intelligence Committee last July, he denounced the allegations as ''grossly unfair and inaccurate.''

The ''qualified diversified trust'' established for Casey's assets last October provides for screening of his investments by Deputy CIA Director John McMahon and agency counsel.

A CIA spokesman said Casey's financial report still has to be reviewed by an agency ethics office, which has 60 days in which to express its views.

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STAT

Pulling El Salvador out of the hat

ROBERT HEALY

WASHINGTON – After his speech to the House last week, President-elect Jose Napoleon Duarte of El Salvador crossed to the Senate for a meeting with Sen. Edward Kennedy and a handful of Democratic senators, some of the severest critics of the Reagan Administration's policies in Central America.

Duarte asked the Administration officials who had accompanied him around Washington on his visit to remain outside the meeting. He faced these lions of the

Senate with only his own aides present.

One observer described the meeting this way: "They thought he should have a chance. They weren't sold and some thought he would be back to his old ways in a short time. He is not regarded as a strong man, but someone who is ultimately controlled by the military, and right now the military needs Duarte because they need the United States."

On Thursday, five former National Guardsmen in El Salvador were found guilty of the murder of four American churchwomen. It had been almost four years since their murders in December of 1980.

On the same day, the House of Representatives, controlled by the Democrats, approved a \$62-million emergency military aid package for El Salvador and at the same time rejected President Reagan's request for \$21 million to aid the rebels who are fighting the leftist Sandinista government in Nicaragua.

Reagan had lost his proposal for Nicaragua aid, but he had won a stunning victory for his policies in El Salvador. He won it by pulling out all the stops in the election of Duarte. The Central Intelligence Agency, as in days past, got involved in El Salvador to win friends

for Duarte.

Reagan pulled it off against serious odds. The polls showed the nation is not with the president on Central America. In a recent ABC News-Washington Post poll, about 60 percent of those polled said they believe that the President's handling of Central America is pointing the United States more toward war than peace. The Catholic bishops have also opposed Reagan's policies in Central America.

Until a recent split in the House leadership, the Democrats were lined up almost solidly against the

President on his Central American policies.

Charles Manatt, chairman of the Democratic National Committee, on Friday said the key issue in the fall presidential campaign would be leadership of the nation, Reagan's handling of the "war and peace" issue and the increase in interest rates. Manatt said the financial crisis demonstrated by the "almost failure" of Continental Illinois, one of the 10 largest banks in the country, and the many farmer bankruptcies is a product of rising interest rates.

But when reminded of the President's victory in the House on El Salvador, Manatt said he had noticed that the feeling in the party toward El Salvador was "mixed."

Reagan, for all his difficulties in the polls on the war and peace issue and for the potential problem of rising interest rates, always seems to be able to pull it

4.

out when he needs to.

The China trip has helped; there is more to come as the travels to Europe, and no one should underestimate the victory which the President has managed with great skill in El Salvador. He has avoided a disaster there, at least for the time being, and that is no small thing.

Where Reagan could be in trouble is in the "debategate" scandal. A House subcommittee has just found that there might be criminal violations in the theft of President Carter's briefing papers by the Reagan campaign staff, and that this theft gave Reagan an unfair advantage over President Carter in their first debate.

Those who would equate this affair with Watergate, as Manatt did, are mistaken. Richard Nixon was at the heart of the coverup conspiracy. Reagan does not involve himself in these kinds of details.

Where the President could be in difficulty is with William Casey, the Central Intelligence director. James Baker, chief of staff in the White House, said Casey gave him the Carter debate papers.

Casey has been in hot water before on conflict of interest. He is insensitive. It may be worse than that if there is anything to the House report.

Where there are similarities between this scandal and Watergate is in the investigation by both the FBI and the Justice Department. Each found no criminal violation in the debate-papers affair. If a special prosecutor is appointed and finds wrongdoing, it will have all the appearance of another Watergate coverup.

Further, the President acts as though Casey, in one of the most sensitive jobs in the nation, is acceptable so long as he is not convicted of a felony. The director of Central Intelligence should be better than that

Reagan, then, has demonstrated great skill in managing the big issues such as El Salvador. Time and again his opponents underestimate him.

But the big problem may be William Casey, for whom he has demonstrated great loyalty. It could be costly.

Robert Healy is chief of the Globe's Washington Bureau.

29 May 1984

Project Democracy Takes Wing

By BEN A. FRANKLIN

Special to The New York Times

WASHINGTON, May 28 — Carl Gershman, a former aide to Jeane J. Kirkpatrick, the chief United States delegate to the United Nations, is setting up shop here these days in a difficult new job.

He is head of the new National Endowment for Democracy, a federally financed foundation designed to compete in the worldwide struggle for people's minds by financing "democratic institution-building" in foreign lands. The designated spenders of this public money are the American Federation of Labor and Congress of Industrial Organizations, the Chamber of Commerce of the United States, the Democratic National Committee and the Republican National Committee.

Despite confrontational positions here at home, the four groups are now bound together in a commitment to a foreign mission: the encouragement of American-style pluralistic societies abroad. They are also bound together, of course, by the Federal money, about \$62 million over the next two years, that has already begun to flow from the offices of "Ned," as Washington's acronym mania has already named the new endowment.

But among the Congressional sponsors of this so-called Project Democracy — foremost among them Representative Dante B. Fascell of Florida, chairman of the House Foreign Affairs Committee — there is a strong belief that private citizens, operating in the open, can be more effective than secret agents in spreading the seeds of democratic ideas.

The notion of a Project Democracy first gained attention when President Reagan mentioned it in a speech to the British Parliament two years ago. As later presented in a proposal to Congress, it would have been operated by the United States Information Agency. But controversies surrounding the U.S.I.A. director, Charles Z. Wick, inspired House Democrats, led by Mr. Fascell, to the alternative of an independent National Endowment for Democracy.

In the private sector's promotion of American values abroad, until now only the American labor movement, through the Free Trade Union Institute it formed in 1978, has gone much beyond rhetoric. Largely with money from the State Department's Agency for International Development, the A.F.L.-C.I.O. has run programs overseas under its African American Free

Labor Council, Asian American Free Labor Institute and American Institute for Free Labor Development.

Through these groups, American labor's emissaries tried, for example, to organize South Vietnamese workers during the war there, sought to unionize farm workers in Grenada before the American-led invasion last year and have been active in Brazil, Chile, -the Dominican Republic, Guyana and El Salvador.

Suspected of C.L.A. Ties

Although the connection has been denied, they were sometimes accused or suspected of involvement with the Central Intelligence Agency. In El Salvador in 1981, two American employees of the American Institute for Free Labor Development who had been accused of links with the C.I.A. were shot to death in the coffee shop of the San Salvador Sheraton.

But because it has gained long experience in its programs abroad, the labor movement is to get nearly a quarter of the democracy endowment's largesse, or \$13.8 million a

By comparison, the newly created "international institute" of both the Democratic and Republican National Committees each is to get \$5 million a year, and the Chamber of Commerce gets \$2.5 million for its new Center for International Private Enterprise. The Democratic and Republican institutes are modeled after the long-established practice in several European countries, particularly West Germany, where the main political parties now divide about \$150 million a year in government grants for overseas encouragement of democratic institutions and ideas."

Criticism From Panama

Representative Hank Brown, Republican of Colorado, a critic of the democracy endowment concept, said today that Ned-financed activities in Central America had already drawn criticism from James E. Briggs, the Ambassador to Panama.

Mr. Brown said he had obtained from the U.S.I.A. a paraphrased copy of a cable that Ambassador Briggs sent to Washington in April complaining that the American Institute for Free Labor Development, one of the A.F.L.-C.I.O. affiliates, had been given funds by Ned to cover the expenses of "activists" supporting the Presidential campaign of Nicolás Ardito Barletta. Mr. Barletta, the candidate backed by the Panamanian military, narrowly defeated former President Arnulfo Arias Madrid in the May 6 election.

Ambassador Briggs was quoted as saying in the cable: "It would be embarrassing to the United States if the labor institute's use of endowment funds to support one side in Panama's elections became public knowledge. The Ambassador requests that this project be discontinued before the U.S. Government is further compromised in Panama."

Mr. Gershman, reached in New York today, said the Panamanian issue "came up before I got the endowment." He confirmed that about \$20,000 in Government funds had been used by the labor institute in Panama to support the Barletta campaign, but said: "I am not sure it was Ned money, and in any case it is my understanding that this has all been worked out to everybody's satisfaction — the Ambassador's, the State Department's and the institute's."

The C.I.A. Obstacle

One of the obstacles that Mr. Gershman must overcome is the C.I.A.'s reputed secret involvement in the past in a lot of what the Endowment for Democracy hopes to do in the open: encouragement of political parties compatible with United States interests, of vigorous labor unions and democratic press and church groups and the publication of writings by pro-Western dissidents. As one of its first actions the Ned board voted to forbid any employment of C.I.A. personnel or covert C.I.A. agenda in its programs.

When Congress considered the creation of the National Endowment for Democracy last fall, the prospect of a C.I.A. presence so worried Senator William Proxmire, Democrat of Wisconsin, that he persuaded the Senate to bar from Ned anyone who had worked for the C.I.A. for the last 20 years. This, in turn, so affronted William J. Casey, the Director of Central Intelligence, that he negotiated a compromise with Senator Proxmire before final adoption of the bill.

"On behalf of the intelligence community, I have agreed with Senator Proxmire that the National Endowment for Democracy will not be used to conduct intelligence activities," Mr. Casey said at the time, "In addition, I have reached a general understanding that intelligence community personnel shall not be permitted employment by the National Endowment for Democracy except as jointly agreed in future negotiations with Senator Proxmire."

Continued

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WASHINGTON POST 29 May 1984

5 Senate Republicans Maneuver to Become Leader of Their Pack

By Helen Dewar Washington Post Staff Writer

Bob and Pete, with a little help from Jim, are working on their goodgovernment badges. Ted is giving pep talks and trying to keep his temper in check. Dick wants to make sure that they can come back and do it again next year.

Much as they may act the part, they're not a bunch of Boy Scouts in

pursuit of merit badges.

They're five of the leading Republicans in the United States Senate-Robert J. Dole of Kansas, Pete V. Domenici of New Mexico, James A. McClure of Idaho, Ted Stevens of Alaska and Richard G. Lugar of Indiana-who are competing to become leader of their pack by doing good deeds.

With varying degrees of commitment, they plan to run in a secretballot election conducted among all Republican senators next December to choose a successor to the retiring party leader, Howard H. Baker Jr.

(R-Tenn.).

It will be an odd-man-out marathon that goes on until someone gets a majority. If the GOP retains control of the Senate in the November elections, the victor will be majority leader; if not, minority leader.

The contest is "polite, dignified, understated and very low-key," said Sen. Warren B. Rudman (R-N.H.). "Quite senatorial," said one of the contenders, meaning clubby, courtly and even a bit stuffy.

As of now, it's generally agreed there is no front-runner or even dominant set of challengers, and some senators expect the field to

narrow before the race gets to the final push.

As the most conservative figure in the race, McClure, currently chairman of the Energy and Natural Resome senators to start out with the biggest chunk of committed or semicommitted supporters but also with limited potential to cut into the broad middle of the party in the Senate.

The most prominent figure is Dole, chairman of the Finance Committee, whose showmanship and legislative skills rank among the best in the Senate.

But some senators confess privately to misgivings about the impact of his presidential ambitions on how he might run the Republican Party in the Senate and deal with the White House, even if it remains in the hands of President Reagan, whom Dole has shown no shyness about challenging in the past.

Some also question whether Dole could afford to risk a loss in light of his higher ambitions and wonder why he would even want the job, which involves at least as much drudgery as glory and tends to make its holder captive to the interests of others. Baker, they note, is leaving it to consider a run for the presidency.

Domenici, chairman of the Budget Committee, is well-liked but carries the scars of his seemingly endless budget battles. Although seriously interested in making the race, he has been somewhat hesitant about pushing his own candidacy, which some -senators have interpreted as ambivalence.

Many figure Lugar as a potential final-stretch compromise, especially if his stewardship of the Senate GOP's campaign committée keeps the party in control of the Senate by a margin approaching the current 55-to-45 split.

Less ideological than McClure, less threatening than Dole, more even-tempered than Stevens and better positioned than Domenici, he cultivates the low-key, easy-going

been tested.

One theory, by no means universally held, is that a decision to go with Lugar would mean dominance of the Senate by the committee chairmen, who already hold considerable power in the collegial leadership style of Baker.

So far, aside from an occasional elbow to the ribs of a rival and a lot of posturing, preening and jockeying, the five have held their campaigns in check lest any infighting jeopardize the Republicans' chances of retaining control of the Senate.

So Dole and Domenici, as chairmen of two of the key fiscal committees, have been parading their skills as champions of deficit reduction, with occasional needling of Domenici by Dole that has stretched but not broken the no-combat rules.

McClure won some points on the deficit-reduction scorecard recently, too, with a compromise to shift funds from the synthetic fuels program to other domestic accounts that hastened passage of the Dole-Domenici deficit program.

Stevens, whose red-hot temper is almost a Senate legend, has been

stepping in recently as a voice of unity and conciliation in party coun-

Lugar has perhaps been the most diversified in his activities recently, even though he says he is not yet in the race officially because of his campaign chores. He has put together a fat kitty to aid Republican candidates this fall, with aid as well for senators running in 1986.

In recent weeks, he has also played statesman in helping to resolve a fight between the Senate Select Committee on Intelligence and CIA Director William J. Casey and then was political point man in challenging Democratic presidential candidate Walter F. Mondale on the Chrysler bailout issue.

sources Committee, As brieved by Retedes 286571 1928 Gracks P94-0090 1 Roby 4083 3080 2 Les been to start, the race is expected to intensify

WASHINGTON POST 29 May 1984

STAT

And How Many Deaths Will It Take Till We Know This Time?

The Friday before Memorial Day, as the city prepared for the funeral of an unknown from the Vietnam war, three peasants came to Capitol Hill with an account of the war we are now engaged in.

They shivered at the witness table of the Senate Foreign Relations Committee: their cheap, gaudy clothes were no match for the Senate's icy air conditioning. They were also afraid of what will happen to them, when they go back to Nicaragua, for having given Congress a victims'-eye view of the 'secret" hostilities we sponsor there.

At 4:30 a.m. on April 17, some 150 "con-'tras," anti-Sandinista guerrillas organized and supplied by us, stormed Sumubila, a settlement of 3,000 people on the northern coast of Nicaragua. The raiders burned down the health clinic, which is their signature outrage, and then began shooting into houses. They captured 39 young men and went back to the hills.

Irma Coleman's 7-year-old son was killed in the raid. When the contras started firing, she scooped up her children and pulled

them to a ditch by the river. But, missing a when he and the other witnesses go back. daughter, she raced back to the house. On her way, she encountered a neighbor car- throats," he said wanly. rying a small body. It was her son. He died in her arms, she weepingly told the senators in soft, almost inaudible Spanish.

Aristides Sanchez, a small, leathery cocoa farmer, said his son was kidnaped by the contras and escaped after three weeks.

old, and they could take care of us. They President Reagan has a high threshold on take our young people away," he said sadly. human-rights violations outside the Soviet "The contras capture them to fight with Union, he has referred several times to the them."

mother of three, has dimples that do not burned and being rounded up in camps. show much because she does not smile. She told of a government meeting in the village two days before the raid. The Sandinistas warned that the contras were coming and told the villagers that they would have to defend themselves.

Her brother-in-law and two cousins were

In all, five people were killed, 15 wounded and 39 kidnaped.

"It would be better if they killed us all,

so we wouldn't suffer any more," Hammer said.

And how does she feel about the United States? The question was asked by Sen. Edward M. Kennedy (D-Mass.), who had called the forum and found the witnesses through the Center for Constitutional Rights, a New York-based human-rights organization.

"I don't know the things they do," she muttered. "I just want to be left in peace."

Sanchez had nothing to say about American involvement. "We came here to ask that justice be done. We seek our rights."

He said he has no idea what will happen

"Perhaps the contras are going to cut our

What made their miserable story so odd was that they are Miskitos, members of the Indian tribe whose mistreatment by the Sandinistas has been used as justification by the Reagan administration for harassing "We have raised children. Now we are the Nicaraguan government. Although Miskitos' suffering: to their being driven Laura Hammer, a nurse's aide and from their homes, having their crops

> The unhappy trio gave a different account, one of a far less brutal uprooting. They had been removed from their native village, out of harm's way from the contras, they said. The government had given Sanchez a house. In a subsequent interview,

being persecuted by the Sandinistas.

Some raiders were fellow Miskitos. Coleman said she asked one, "Why are you doing this to your own people?" His response was to push her aside.

Kennedy has written CIA Director William J. Casey to ask him to watch over the three brave, frightened witnesses.

What they described sounds like a statesponsored campaign of terror such as the administration officially inveighs against. The Democratic-controlled House has three times voted to end the "secret" war. But the Republican-controlled Senate stands firmly behind it.

Sen. David F. Durenberger (R-Minn.) once made an eloquent speech against activity counter to our values, but he votes for it in the Senate intelligence committee. So does that committee's vice chairman, Daniel Patrick Moynihan (D-N.Y.), who periodically bemoans it in interviews with The New York Times. Both say the CIA has changed its objectives and merely wants to stop the flow of arms into El Sal-

The peasants of Sumubila hardly notice the difference.

Their appearance was a somber prelude to a weekend given over to remembering the last war, another mistake that began with cloudy purposes and ended with the deaths of countless peasants-and many Americans.

they said they had not heard of Miskitos
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Current Quotes —

"Casey wouldn't tell you that your coat was on fire unless you asked him."

Representative Norman Mineta (D-Calif.) on the House Intelligence Committee's effort to get information from CIA Director William Casey.

KALB: Good day from Washington. I am Marvin Kalb inviting you to Meet the Press with Admiral Stansfield Turner, former director of the Central Intelligence Agency.

STAT

ANNOUNCER: Meet the Press, an unrehearsed press conference, is a public affairs presentation of NBC News.

KALB: Our guest today on Meet the Press is Adm. Stansfield Turner, who directed the CIA and other U.S. intelligence agencies during the Carter administration. A one-time Rhodes Scholar, Admiral. Turner formerly commanded the U.S. Second Fleet and the southern sector of NATO. His book, entitled 'Secrecy in Democracy', is due to be published early next year. Our reporters today are Haynes\Johnson of The Washington Post; David\Ignatius of the Wall Street Journal; Georgie\Anne\Geyer of Universal Syndicate; and to open the questioning, our regular panelist, Bill\Monroe, of NBC News.

MONROE: Admiral, attacks by airplanes of Iran and Iraq on oil tankers threatened to shut down the flow of oil from the Persian Gulf. What should the U.S., what can the U.S. do about that? ADM.\STANSFIELD\TURNER (Former CIA Director): Bill, let's first put it in perspective. Iraq is harassing shipping going into the Iranian oil terminals. Iran is harassing shipping going into the Saudi, Bahraini, Kuwaiti and other oil terminals on the other side of the gulf. Despite this harassment, the price of oil has not gone up. That means the oil people feel there's enough coming out and probably will be for some time to come. Where the United States' interest is involved, is in not letting that...(next 15 seconds missing due to technical difficulty)

MONROE: The Saudi Arabians and some of their neighbors seem to be blaming Iran for events. There is talk that the United States is tilting against Iran. And The New York Times this morning quotes unnamed administration officials as believing that a successful and low-cost operation against Iran might be even more popular at home than the Grenada strike was. What is your comment on that? TURNER: I don't think that latter point is valid at all. To try to take out Iran and its capability for harassing shipping in the gulf would be a costly operation. You'd have to bomb all the Iranian air force bases, all the Iranian naval bases. They would retreat with the airplanes deep into Iran, and so on. It would become a difficult operation.

MONROE: But isn't Iran, in fact, chiefly responsible, at this point, for prolonging that war? TURNER: No, it's a two-sided problem. The Iraqis started the war; the Iranians responded. Iraq now is the one really initiating this war at sea. I think what the Saudis are trying to do, under our encouragement, is to pressure Iraq to cease it attacks on Iranian shipping. Iran has promised in the United Nations then to cease attacks on other shipping. If the Saudis cannot do that, it's because Iraq is pretty desperate right now, and that may well be the case. Then the Saudis have to fall back on their second plan, which they're trying sort of half-heartedly now, and that's to take information from the American AWACS aircraft over the gulf about when the Iranian planes are coming out to attack, and use it to send their own Saudi

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BOOK
BY GREGORY GORDON
WASHINGTON

Telephone logs from the 1980 Reagan campaign suggest the Republican camp may STAT have obtained military intelligence on the movement of U.S. hostages in Iran from a Senate aide. a House subcommittee report says.

The hostage information, found in the logs of Reagan campaign adviser Richard Allen, is mentioned in the same notes in which Allen scrawled the telephone number of Angelo Codevilla, a Republican aide to the Senate Intelligence Committee.

Allen's telephone logs apparently quoted <u>Defense Intelligence Agency data</u> reporting that the 52 hostages had been returned to the U.S. Embassy compound in Tehran. Such data apparently was considered ''embargoed'' -- or secret.

After stating Codevilla's name and phone number, the notes read, ''DIA-Hostages-all back in compound, last week. Admin. embargoed intelligence. Confirmed.''

The notes, described in the voluminous report of a House Post Office and Civil Service subcommittee released Wednesday, support investigators' theories that the Reagan campaign was gathering data on developments in Iran to try to head off an ''October surprise'' by President Carter.

Reagan aides have acknowledged that they were worried a surprise announcement, such as the release of U.S. hostages, might swing the election.

Neither Allen nor Codevilla, who works for Sen. Malcolm Wallop, R-Wyo., on the Senate Intelligence Committee, could explain Allen's notes on the hostage situation, according to the report of the subcommittee headed by Rep. Donald Albosta, D-Mich.

The report noted that Allen said he had ''thinned out his files'' during an office renovation before the subcommittee investigation.

Codevilla could not be reached for comment Thursday.

In an interview with subcommittee investigators, Codevilla acknowledged being aware that active agents of the CIA worked for George Bush's primary presidential campaign, before he became Reagan's running mate, the report said.

He provided the subcommittee with a sworn affidavit May 9, making him one of the last of more than 60 persons to submit sworn testimony to the panel.

The report said Codevilla told investigators 'he did not provide the Reagan-Bush campaign with information 'embargoed' by the Carter administration or information from the Defense Intelligence Agency or any other government intelligence body.'

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ON PAGE

25 May 1984

REAGAN, AT C.I.A., **COMMENDS CASEY** AS AGENCY'S HEAD

the Seized Carter Papers — Ouster is Doubted

By FRANCIS X. CLINES

Special to The New York Times

LANGLEY, Va., May 24 - President Reagan today praised the performance of William J. Casey as Director of Central Intelligence, but offered no comment on a Congressional report charging that crimes might have been committed in the 1980 Reagan Presidential campaign, which Mr. Casey directed.

While the White House dismissed questions about Mr. Casey's possible resignation as "highly farfetched," the President kept an engagement to visit the Director here in the pastoral setting of the Central Intelligence Agency headquarters.

Evaluation Is Under Way

on the agency's well-guarded 219-acre | tee's findings were being studied by the campus, Mr. Reagan broke ground for office of the White House legal counsel, an addition to the headquarters building and praised the work of the agency and its director as "an inspiration to your fellow Americans."

Privately, White House officials as- other engagement. sessed the political implications of the Congressional report, a two-volume the behavior of Reagan officials in preparing for the 1980 debate with President Carter.

The report, issued by the Democratic majority of the House Human Resources subcommittee, concluded that the "better evidence" was that debate briefing papers of President Carter's camp were somehow obtained by Reagan strategists through the office of their campaign director, Mr. Casey.

Nicaraguan Actions Defended

Mr. Casey has denied having any recollection of this, but the President's chief of staff, James A. Baker 3d, has said he recalls receiving such papers from Mr. Casey. His view was backed by the Congressional report as the more credible.

With this contradiction threatening investigation by independent counsel. to linger unresolved through the Rea- A court order to that effect is under ap-gan re-election campaign this year, the peal, with argument expected in late spokesman. President's Speakes, said today that the President strategists note, would be the height of continued to have "full confidence" in Mr. Casev.

The Presidential visit attracted a crowd of 2,000, serenaded in the sundappled C.I.A. grounds by tunes such as "Hey, Look Me Over" and "Put On a Is Silent on Director's Role on Happy Face." Clearly the visit was a morale boost for Mr. Casey and his staff. Mr. Reagan journeyed across the Potomac as Congress was debating the wisdom of the President's use of a C.I.A. covert operation in the campaign to undermine the Nicaraguan Government.

> Mr. Reagan, hailing the agency as a trip wire" for totalitarian aggressors, defended the use of "direct and indirect" support for nations threatened by Communist actions. He told the audience of agency workers, seated before him on a hillside: "New and vitally important missions are being performed that a few years ago many would have said were impractical or unachiev-

> Mr. Reagan praised Mr. Casey in the context of what he said were "significant changes" carried out in the intelligence agency in the last three years.

The President did not allude to the controversy. briefing-papers Walking side by side with Mr. Casey Speakes later said that the subcommit-Fred Fielding, in advance of a staff briefing of the President. Mr. Baker was not in the Presidential party. The White House said he was busy at an-

Last summer, when the controversy arose, the President at first dismissed study that called for the appointment of it as "much ado about nothing" and an independent counsel to investigate mainly the work of partisan Democrats. Then, as it continued as a public matter, the White House announced that the President had sternly ordered his assistants to "get to the bottom" of

> One ranking White House adviser, conceding the continuing political problem posed by the controversy, said pri-vately it seemed "inevitable" that At-torney General William French Smith might eventually have to reverse his current position and refer the matter to

Larry September, a time that, Republican the general election campaigning.

Other Criticisms Voiced

Privately, senior officials in the White House and in the Reagan re-election campaign concede that the affair remains a liability, particularly in focusing renewed attention on Mr. Casey. The Director has also been criticized on Capitol Hill lately for his handling of the Administration's covert Nicaraguan campaign.

"There's a lot on his plate." one offi-

Thus far, however, there has been no signal from Administration officials that President Reagan might attempt to resolve the issue either through seeking a personnel change or taking a more direct role in the inquiry. The political sensitivity is compounded by the fact that Mr. Baker, the director of the President's re-election campaign, has been neutralized in this matter by his role in the briefing-papers contro-

Lately, Mr. Speakes has been emphasizing that an investigation by the Federal Bureau of Investigation found no evidence of a crime and that the President was maintaining a "hands off" attitude. The Republican minority of the House subcommittee has said that the report should not be taken seriously because it "arbitrarily" doubted Mr. Casey's sworn affidavit, and because the majority itself conceded the inability to reach "definitive conclu-

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WASHINGTON TIMES 25 May 1984

CORD MEYER

. . . Hill can't stop leaking?

nder the polarizing pressure of differences over U.S. policy toward Central America, the congressional oversight designed to keep the intelligence agencies honest is coming apart at the seams.

Reagan officials and the CIA leadership place primary responsibility for a series of damaging leaks on covert-action operations on the congressional watchdog committees and particularly on their staffs. For their part, the Senate and House Intelligence Committees claim they have not been kept "fully and currently" informed. They maintain they would have opposed the covert mining operation successfully if advised promptly, as the law requires.

Whoever may be to blame, there is unanimous agreement that relations between the legislative and executive branches never have been worse on the question of how to ensure effective congressional review of secret intelligence operations. Both administration and CIA officials are bitterly resentful of deliberate leaks to the press they think can only come from individual members and staffers of the two intelligence committees.

A single authoritative news leak often can be enough to destroy or terminate even the best-planned covert action. The congressional staffer, who chooses to reveal anonymously to the press details of such an operation, wields the destructive power of a secret per-

sonal veto over national security policy.

The confirmation by Sen. Jesse Helms R-N.C. of CIA involvement in the Salvadoran election is only

the most publicized of many such damaging disclosures, and there has been no sign yet of any effective punishment to discourage the practice. As one of the intelligence chiefs remarked, "Congressional oversight has become a device through which to impose massive losses on ourselves."

Understandable fear of policy

sabotage by calculated leak has led in turn to CIA officials becoming reluctant to supply staffers with advance detail on operations. This has fed the fires of congressional suspicion that their access to essential informationis being deliberately obstructed.

CIA Director William Casev has written a tough letter to the committees complaining of excessive legislative intrusion. In reaction, congressional staffers are busily drafting new procedural rules that will define in debilitating detail when and how the CIA must inform

the Congress in advance of any covert action.

The executive and legislative branches seem to be on a collision course in their attempt to solve the oversight dilemma. In the process, the U.S. government could lose the capacity to respond effectively to the Soviet threat that is most immediate and menacing.

In the absence of a covert-action capability, the United States would have no means of giving discreet and timely assistance to its democratic allies in the Third World when they are threatened by Soviet

and Cuban proxies. Once a small country has been allowed to be transformed into a hardening police state, its escape from the Soviet orbit is rarely possible.

Hoping to avoid continuing confrontation in this vital area of foreign policy decision-making, cooler heads in the administration and moderates of both parties in Congress are beginning to think through the reforms in procedures and institutions that might enable the United States to conduct covert operations both responsibly and securely.

There is, for example, growing senatorial support for periodic lie detector tests as a condition for continuing employment on the staffs of the intelligence committees. These staffers carry in their heads more sensitive information than most

CIA employees, who all are required to take the tests. Administered by the FBI in this case, these periodic polygraph checks would not be a total guarantee of security but they would act as a powerful deterrent to the temptation to leak.

Also, there is growing awareness among the elected members of both committees that they have allowed too much of the responsibility for oversight to fall into the hands of assistants. Too much authority has been delegated to too many unelected staffers who have their own axes to grind. By limiting the number of other assignments they can hold, the members of the intelligence committees can find the time to exercise personal responsibility, and, on sensitive issues, a case can be made for excluding the staff entirely.

For his part, the <u>CIA</u> director has to be willing to meet this reform movement halfway. Mr. Casey has to be ready to spend more time on the Hill and to be more forthcoming in his briefings when there is evidence of a serious commitment to improve security.

In the American democracy, some form of congressional oversight of the secret power of intelligence is inevitable and necessary.

The problem is to prevent Congress from destroying what it seeks to oversee.

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WASHINGTON TIMES 25 May 1984

Reagan praises Casey at CIA ceremony

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By John McCaslin THE WASHINGTON TIMES

President Reagan yesterday praised the work of Central Intelligence Agency employes and Director William Casey as he broke ground for a 1.1 million-square-foot addition to the agency's Langley, Va., head-quarters.

He told employes gathered at the ceremony that they and Mr. Casey "have been an inspiration to your fellow Americans and people everywhere."

Mr. Reagan's appearance followed by a day the release of a House subcommittee report charging that Mr. Casey, while Mr. Reagan's campaign manager, received "pilfered" Carter campaign documents before the 1980 Carter-Reagan debates.

Neither the president nor Mr. Casey made any reference to that report at the ground-breaking ceremonies for the \$190 million addition.

The president's participation in the CIA ceremony was "long planned," according to White House spokesman Larry Speakes, and his appearance was not scheduled to show his support for Mr. Casey.

Mr. Speakes said the president continues to have "full confidence" in Mr. Casey and is pleased with the director's leadership.

Commenting on the Post Office and Civil Service subcommittee report that alleges wrongdoing on Mr. Casey's part, Mr. Speakes said, "The matter, as far as the president is concerned, still rests with the Justice

Department...and decisions will be made by the Justice Department without White House interference."

Mr. Speakes said President Reagan has not read the report, prepared by subcommittee Chairman Donald Albosta, D-Mich., but will be briefed on its contents by White House Counsel Fred Fielding.

Mr. Casey, when asked by reporters yesterday if he had read the Albosta report, gestured with his hands estimating the height of the 2,400-page report.

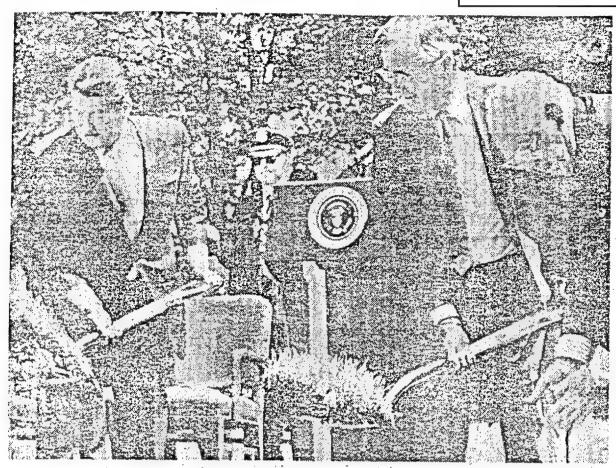
Mr. Reagan told several hundred CIA employees gathered on a sloping lawn surrounding the ground-breaking site that significant changes have occurred in the CIA since Mr. Casey was sworn in as director in January 1981.

"New and vitally important missions are being performed that a few years ago many would have said were impractical or unachievable," he said. Declaring that the changes under way at the CIA are a "reflection of a larger renewal among the forces of freedom throughout the world," Mr. Reagan said adversaries who had grown used to disunity or weakness are "not enthusiastic about the success of our policies."

"The work you do each day is essential to the survival and to the spread of human freedom. You remain the eyes and the ears of the free world," Mr. Reagan said, adding that the CIA is the "trip wire" over which totalitarian rulers must stumble in their quest for global domination.



President Reagan, left, Vice President George Bush, center, and CIA Director William Casey at yesterday's ground-breaking ceremony.



President Reagan and Vice President George Bush dig in yesterday at groundbreaking ceremony for new wing at CIA headquarters in Langley, Va.

Reagan probed to Research to R

WASHINGTON - President Reagan rushed to the defense of embattled CIA Director William Casey yesterday, making a personal appearance at the CIA's headquarters to praise the work of the nation's largest intelligence agency.

In an unusual outdoor ceremony at the CIA's sprawling headquarters in Langley, Va., to mark the groundbreaking of a new building wing, Reagan heaped praise on his CLA chief, telling 2000 employes gathered to see the commander-in-chief:

"Your work and the

work of your director and other officials has been an inspiration to your fellow Americans and to people everywhere." The ... controversial

Casey is currently under fire from Congress for his alleged role in the Debategate scandal.

Earlier this week a subcommittee released a report which suggested that Casey lied about his role in obtaining materials used by for-

mer President Carter in preparation for his Oct. 1980 campaign debate with Reagan. Casey claimed that he had no idea how the briefing papers wound up in the hands of Reagan campaign aides.

Casey also lost a major battle yesterday when the House voted to. kill funding for the CIA's controversial para-military operation against Nicaragua.

Casey was accused of being less than forthcoming in disclosing the CLA's role in the mining of Nicaraguan harbors earlier this year.

Yesterday House Speaker Tip O'Neill called on Reagan to replace Casey in the wake of the Debategate subcommittee's report. saying that he believes that Casey's credibility has been "damaged."

Casey waved off reporters at the ceremony who asked for a response to the Congressional report.

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ON PAGE H-

WASHINGTON POST 25 May 1984

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PRAISE FOR CASEY



President Reagan walks with CIA Director William J. Casey at ground-breaking for addition to agency head-

quarters. Reagan told Casey and his employes they were "an inspiration to your fellow Americans."

MINCHIPPER

WALL STREET JOURNAL 25 May 1984

House Clears Increased Aid to El Salvador But Bars More for CIA Moves in Nicaragua

By David Rogers
And Robert S. Greenberger
Reporters of The Wall Street Journal

About half this sum would go to cover \$32 million advanced to El Salvador last month.
But together with funds already appropriated for this year, total Salvadoran military

aid would rise to \$126.6 million, compared with \$81.3 million in 1983.

Staff Reporters of The WALL STREET JOURNAL WASHINGTON—The House approved increased military aid for El Salvador but firmly rejected continued funding for the Central Intelligence Agency's covert war in Nicaragua.

The 241-177 roll call on the Nicaragua operation is the most decisive defeat yet for President Reagan on this issue. And coming after the El Salvador vote, it reflects a deep split in Congress on his policy in Central

America.

Twenty-four Republicans joined 217 Democrats in opposing the \$21 million request for the CIA. Unless some accommodation is reached in a new conference with the Senate, the stalemate jeopardizes the \$61.8 million in Salvadoran aid, which is in the same bill.

The Salvadoran funds were easily approved on a 267-154 roll call. The administration's problem is that even as support has grown for El Salvador and its new government, bipartisan backing for the war in Nicaragua is eroding.

The strong El Salvador roll call was a vote of confidence in the new president, Jose Napoleon Duarte, although his image may be hurt by a previously classified report released by the State Department hours after the debate. The report on the Salvadoran investigation of the 1980 murders of four American churchwomen said it is "quite possible" that the general whom Presidentelect Duarte said he would reappoint as defense minister may have taken part in a cover-up of the crime.

A jury in El Salvador yesterday convicted five former national guardsmen of

killing the churchwomen.

On Nicaragua, the Democratic-controlled House twice before has rejected funding for the operation, but yesterday's margin was nearly double that of the previous vote in October. Rep. Ralph Regula (R., Ohio), a leading GOP moderate, joined Democrats in opposition for the first time, and Speaker Thomas O'Neill bitterly condemned the CIAbacked insurgents described as "freedom fighters" by the president, "I haven't any love for them," said Mr. O'Neill. "To me they are paid Hessians."

In contrast, support for El Salvador has risen significantly. While Mr. O'Neill and a majority of Democrats opposed the increased aid, the remainder of the party leadership supported the \$61.8 million.

Though the administration has argued that the Salvadoran aid is urgently needed, the new Duarte regime isn't immediately pressed for funds. Yesterday's verdict in the investigation of the murder of the churchwomen frees \$19.4 million in military aid withheld under conditions Congress imposed

Taken with the \$32 million already advanced in April, the government will receive a total of more than \$50 million in a matter of weeks, or as much U.S. military aid as it has had available for the first half of this fiscal year. The fiscal year ends Sept. 30.

This strengthens the administration's hand in waiting out some resolution in Congress on the Nicaragua issue, but the bitterness of the fight promises a prolonged confrontation. In debate yesterday, Chairman Edward Boland (D., Mass.) of the House Intelligence Committee described the operation as "this deadly war." Yet even as he called on the president to yield to the "will

of the American people," and end the operation, Republicans saw the issue as potentially helpful to them in the November campaign.

"I'd hang tough," said Rep. Dick Cheney (R., Wyo.), a member of the House GOP leadership. "If this thing is ultimately terminated, let the Democrats do it."

The CIA currently is funding its Nicaragua operation from \$24 million appropriated last fall. But less than \$700,000 of these funds remain and some decision must be made soon about the future of the insurgents. In secret testimony, CIA Director William Casey has been confident that the operation can be sustained. And there is increasing fear in Congress that the agency's costs are being subsidized indirectly by the Defense Department.

Rep. Lee Hamilton (D., Ind.), a senior member of the House Intelligence Committee, has asked for an inventory of Pentagon aid funneled through the CIA in Central America. And though clear proof hasn't been shown, suspicions remain that aid may be reaching the insurgents from Israel.

The independent report on El Salvador, requested last year by the State Department, raises troubling questions about Mr.

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Duarte's independence from the Salvadoran military and his ability to make good on the sweeping promises of reform that helped him win broad congressional support during his visit here earlier this week.

The report, submitted by retired U.S. Judge Harold Tyler, said it is possible that Gen. Carlos Vides Casanova, who headed the National Guard at the time of the murders, "was aware of, and for a time acquiesced in" the cover-up efforts. The report said that when Gen. Vides Casanova was interviewed, he was "evasive" and "professed a distubing lack of knowledge" about an investigation being conducted by mid-level officers who reported to him.

Last Sunday, on NBC-TV's "Meet the Press," Mr. Duarte said he planned to reappoint Mr. Vides Casanova as defense minister. But the report chastises Salvadoran military leaders, saying that while there wasn't any evidence that they ordered the murders, "by direction, inactivity or tolerance, (they) encouraged the notion that their troops were above the law."

Yesterday, one congressional critic predicted that Mr. Duarte's ability to "clean house" and reform the Salvadoran military is certain to be questioned during future debates on whether El Salvador should receive increased military aid and what strings should be attached to the assistance.

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NEW YORK DAILY NEWS 25 May 1984

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Reagan goes to bat for Casey

By BRUCE DRAKE

Washington (News Bureau)—In a strong show of support for the Central Intelligence Agency and its director William 'Casey, 'President Reagan yesterday helped break ground for a new \$190 million building at the spy agency's suburban headquarters and declared that America's "days of defeatism and weakness are over."

Reagan chided critics of the CIA, saying, "Though it's sometimes forgotten here in Washington, the American people know full well the importance of vital and energetic intelligence—perations."

He was introduced at the event by Casey, who has caused political headaches for the White House all during his tenure as CIA chief.

Yesterday, in an exhaustive report on the "Debategate" investigation, Democratic House probers pointed the finger at Casey as the prime suspect in obtaining confidential papers from the Carter White House during the 1980 presidential campaign. In past controversies, Casey has been criticized for continuing to trade in stocks in 1982 instead of putting his holdings in a blind trust like other officials. Critics also claim he improperly kept Congress in the dark about covert operations in Central America.

Although Reagan's praise for Casey in his remarks was not extensive or effusive, White House spokesman Larry Speakes insisted said reporters would be "going down the wrong track" if they read that as keeping Casey at a distance.

Speakes repeated that Reagan retains "full confidence" in his former campaign manager and said it would be "far-fetched" to speculate about a Casey resignation.



President Reagan with CIA Director William Casey at groundbreaking ceremony at CIA headquarters yesterday.

ON PAGE 4A

25 May 1984

Reagan praises embattled Casey



By Ron Edmonds, AP PAYING ALLEGIANCE: President Reagan, with Vice President George Bush and CIA Director William Casey stand at attention during a groundbreaking ceremony for a CIA building in McClean, Va.

By Mike Connolly USA TODAY

WASHINGTON — President Reagan praised CIA Director William Casey on Thursday "as an inspiration," without mentioning the report of a House subcommittee alleging Casey was involved in obtaining 1980 campaign briefing materials belonging to President Carter.

White House spokesman Larry Speakes said the president had not read the 2,400-page report released Wednesday and would not comment on it until he is briefed by White House counsel Fred Fielding.

But Reagan, participating in a groundbreaking ceremony at CIA headquarters, praised the stewardship of Casey despite doubts cast on the director's credibility by the subcommittee's report.

This is in keeping with the White House view that the sub-committee report is basically a public relations problem that must be dismissed, diminished and contained.

Thursday's ceremony for a \$190 million addition to the CIA headquarters near McLean, Va., had been scheduled before the report critical of Casey was released.

The president told agency employes that "your work, the

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BALTIMORE SUN 25 May 1984

Reagan calls Casey, CIA an

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By Robert Timberg Washington Bureau of The Sun

LANGLEY, Va. — President Reagan yesterday praised the work of the Central Intelligence Agency and its controversial director, William J. Casey, as "an inspiration to your fellow Americans and people everywhere."

Speaking under towering maples and cloudless skies to a crowd of about 2,500 agency employees gathered on a grassy knoll, the president said, "Without you, our nation's safety would be more vulnerable, and our security fragile and endangered."

Mr. Reagan's short address at the agency's campus-like Northern Virginia headquarters did not mention a congressional report released Wednesday that indicated that 1980 Carter campaign briefing papers probably found their way to the Reagan camp through Mr. Casey, then the Republican campaign director.

Nor did the chief executive refer directly to the agency's covert activities in Central America, including its involvement in the mining of Nicaraguan harbors, an activity that outraged some of the CIA's most fervent congressional supporters

He did say, however, that when historians look back, "I'm sure they will conclude that no one has played a more important role in this exciting new era than all of you here at CIA."

The latest measure of congressional displeasure with the agency came yesterday afternoon when the Democratic-controlled House, on a 241-177 vote, approved a flat cut-off of funds for the CIA-backed guerrillas fighting Nicaragua's Sandinista government.

Mr. Reagan, participating in a

'inspiration' to U.S.

ground-breaking ceremony for a \$190 million addition to the head-quarters building, arrived with Mr. Casey, shook his hand on the platform and was joined by the director in the presidential limousine following the event.

following the event.

The White House spokesman,
Larry M. Speakes, said later that
the president's words could be read
as "certainly an endorsement of
the CIA and the role the director
has played there."

The president has yet to comment publicly on the 2,413-page congressional report on the Carter papers, prepared by a House subcommittee chaired by Donald J. Albosta (D, Mich.). Mr. Speakes said Mr. Reagan had neither read it nor been briefed on its contents.

Mr. Casey told reporters that he probably would have a statement on the Albosta report later in the day, but none was forthcoming. "I think it's fair to say he 'may' have a statement," said Dale Peterson, a CIA spokesman. "I don't know if he's going to come up with one or not."

The atmosphere of the president's visit resembled that of a company picnic and the CIA employees seemed to welcome Mr. Reagan's warm words.

Casey is praised at CIA ceremony

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By Saul Friedman Inquirer Washington Bureau

WASHINGTON. — Spies and other assorted secret agents and their secretaries came out into the warm for an unusual, semi-public ceremony yesterday at which President Reagan praised the CIA and its embattled chief, William J. Casey, as "the eyes and ears of the free world."

Lauding Casey for improving the management of the CIA, Reagan told its employees assembled for the ground-breaking of a \$190 million addition to the agency's building, "Your work, the work of your director, the other top officials have been an inspiration to your fellow Americans and to people everywhere."

Despite the top-secret security clearance of his audience, the President was accompanied by at least eight Secret Service agents as he strode to the sun-drenched platform set up on a grassy knoll behind the agency headquarters at Langley, Va.

His remarks seemed less than a personal endorsement of Casey, who has been accused of funneling stolen papers from Jimmy Carter's White House to President Reagan's 1980 campaign. Casey was Reagan's campaign manager.

. And White House chief of staff James A. Baker 3d, who has sworn that he received such materials from Casey in 1980, did not accompany Reagan, although he ordinarily does

But deputy White House press secretary Larry Speakes said after the ceremony that Reagan's remarks were "an endorsement of the role of the CIA and the role of the director" and that the President continued to have confidence in Casey.

Speakes said he knew of no discussion between the President and Casey at the ceremony about a House subcommittee report released. Wednesday that included the accusations against Casey. And Speakes said he knew of no plans for Casey to resign.

Casey, who has said he does not recall handling the Carter campaign papers and has contradicted Baker's recollection, told reporters at the ceremony that he had not yet read the subcommittee report and reserved comment on it.

Even if that controversy had not brought drama to the ceremony, the scene itself was unsual. Employees and officials of the super-secret agency rarely assemble when cameras and tape recorders are around. And rarely are the photographers, television cameras and reporters of the White House press corps admitted to the agency grounds.

Indeed, the CIA insisted that no foreign reporters and only White House reporters who were U.S. citizens be admitted. Even so, there was a delay in admittance, and Art McNeill, a CIA public affairs officer, apologized: "We are unaccustomed to welcoming people to our compound."

He asked that cameras, ordinarily banned from the sprawling grounds, refrain from taking close-ups of agency personnel — looking much like bureaucrats anywhere in Washington — who streamed out of their offices to attend the late-morning ceremony.

And the employees were told to shed their identification badges, lest their names be seen by strangers.

For all that, Secret Service agents peered into the woods at the edge of the ceremony area. And despite their clearances or previous service, the officials, agents and other employees of the CIA, and former directors Richard Helms, James Schlesinger and William Colby, lined up to go through the metal detectors that follow the President to every public appearance.

The President stressed in his speech that the agency's secrets need to be maintained, "even in this, the most open and free country on Earth."

He then warned of the danger of losing them "through unauthorized and illegal disclosures of classified information" by federal officials, which he denounced as "improper, unethical and plain wrong."

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WASHINGTON POST 25 May 1984

Reagan Praises Casey During CIA Ground-Breaking Ceremony

By David Hoffman Washington Post Staff Writer

President Reagan used a groundbreaking ceremony at CIA headquarters yesterday to praise William J. Casey the day after Democrats on a congressional subcommittee identified the CIA director as the recipient of briefing papers prepared for President Carter during the 1980 campaign.

In an outdoor speech to about 2,000 employes at the agency's head-quarters near Langley, Reagan said, "Your work, the work of your director [and] the other top officials have been an inspiration to your fellow Americans and to people everywhere."

Casey has been involved in two controversies in recent weeks: the one over the debate papers and another over his alleged failure to tell the full truth to congressional oversight committees about CIA-backed mining of Nicaragua's harbors.

The mining was carried out as part of the CIA's assistance to the "contras" who are battling Nicaragua's Sandinista regime—support that Congress has threatened to shut off.

Reagan's trip yesterday was "certainly an endorsement" of CIA activities generally "and the role its director is playing there," White House spokesman Larry Speakes said. "The president has not changed his position on Director Casey" following the critical congressional report, and Casey still enjoys Reagan's "full confidence," Speakes added.

The House Post Office and Civil Service subcommittee on human resources said it has "difficulty accepting" Casey's sworn statement that he does not recall receiving the Carter briefing papers or giving them to James A. Baker III, now the White House chief of staff. The panel said the "better evidence" supports Baker's claim that he got the papers from Casey.

Reagan did not mention the briefing papers controversy in his remarks yesterday, nor has he yet read

the 2,413-page subcommittee report, Speakes said.

White House counsel Fred F. Fielding may brief the president about the document later, he added. As a result, Speakes said, Reagan cannot "pass judgment" on the document and "the matter still rests with the Justice Department."

The Justice Department is appealing a federal judge's order that it appoint a special prosecutor to investigate the case. The subcommittee's chairman, Rep. Donald J. Albosta (D-Mich.), has called for the appointment of a special prosecutor, known officially as an independent counsel.

On Capitol Hill yesterday, Senate Minority Leader Robert C. Byrd (D-

W.Va.) said "it is about time" that Reagan personally call Baker and Casey and ask them, "What is the truth here? What do you know?"

Speakes said the president had long planned to take part in the ground-breaking ceremonies for a \$190 million, seven-story addition to CIA headquarters. When Reagan arrived, Casey strolled at the pres-

ident's side from the helicopter to the site of the ceremony and introduced him.

Baker did not attend. Casey, asked by reporters about the briefing papers, promised a statement later in the day, but none came.

The president said in his 10-; minute speech that "an intelligence; agency cannot operate effectively unless its necessary secrets are maintained...." He cautioned against endangering the "life and work" of intelligence agents and sources because of "carelessness, sensationalism or unnecessary exposure to risk."

Reagan also identified as "one of the greater dangers facing you" the "loss of necessary secrets through unauthorized and illegal disclosures of classified information." He said it was "improper, unethical and plain wrong."

The president, who has sought budget increases and more personnel for the CIA, called the agency "the eyes and ears of the free world" and declared, "You are the tripwire over which totalitarian rule must stumble in their quest for global domination."

Reagan claimed that U.S. support "for people whose countries are the victims of totalitarian aggression has blunted the communist drive for power in the Third World." This appeared to be an indirect reference to the CIA's covert operations in Central America.

The president yesterday described a "period of readjustment" during which "some of our adversaries who had grown used to disunity or weakness from the democracies are not enthusiastic about the success of our policies or the brightening trend in the fortunes of freedom."

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Public Relations/Public Information

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May 24, 1984

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Public Affairs Office CIA Washington, DC. 20505

STAT Dear

Thanks for your help with Mr. Casey's publicity for Bryant's May 19 commencement. It was a perfect, sunny day in Rhode Island highlighted by a smooth event. Mr. Casey was well spoken and well received.

I hope to give you a call to say hello when I get to Georgetown.

With good wishes, I am

Sincerely,

Fran

Frances Driscoll, Director Public Information

FD/gy

Enclosures

P.S. We will send further clippings as they arrive.

Aid to Salvador Stalled by Clash On Nicaraguans

By HEDRICK SMITH Special to The New York Times

WASHINGTON, May 23 - House Democratic leaders put new pressure on the Reagan Administration today to abandon efforts to link \$62 million in emergency military aid for El Salvador to continued aid for Nicaraguan

Despite pleas for quick action from President Reagan and President-elect the Salvadoran aid package was stalled -in Congress by disagreement over an iafter his inauguration on June 1. accompanying proposal for \$21 million in aid to Nicaraguan rebels.

Some Democrats as well as Republicans want the two proposals dealt with on a single vote, but the House Democratic leadership and Edward P. Boland, chairman of the House Intelligence Committee, want separate votes. Initially, a vote had been expected today, but now senior Democrats expect a decision to be put off until next week despite Administration pressures for faster action.

Covert War Opposed

"They're not going to get any more money to carry on that covert war in | to be divided only on whether to let the Nicaragua," said the House majority leader, Jim Wright of Texas, who has been a pivotal figure in pushing Salvadoran aid proposals through the House. "If they insist on tying them together, they may even lose the money for Ei Salvador.'

In El Salvador today, five former national guardsmen went on trial in the killing of four American churchwomen in 1980. The jury of two women and three men, who will be given protection for two weeks after the trial, were expected to listen to testimony and arguments by the lawyers before being excused Thursday to reach a verdict. [Page A11.]

With the Sénate Intelligence Committee already moving to authorize money for Nicaraguan rebels in 1985, under tighter new conditions, the House Speaker, Thomas P. O'Neill Jr.,

asserted that the issue "is holding up the whole conference report" on aid to

At his news conference Tuesday night, President Reagan called on Congress to approve "all elements" of his Central American program, specifically calling for support for Nicaraguan "freedom fighters." Today the Administration sought to capitalize on the renewed support for aid to El Salvador following Mr. Duarte's all-day lobbying effort here Tuesday to push as well for the Nicaraguan program.

At a one-hour closed-door briefing for about 50 members of the House this morning. Secretary of State George P. Shultz, William J. Casey, the Director of Central Intelligence, and Gen. John W. Vessey Jr., Chairman of the Joint Chiefs of Staff, were reported to have asserted that aid to the Nicaraguan rebels was vital in helping Mr. Duarte José Napoleón Duarte of El Salvador, promote democracy and carry on a successful war effort in El Salvador

> Several House members quoted General Vessey as having said that Nicaragua was still funneling military aid to Salvadoran guerrillas. But they said Mr. Casey also contended that Nicaraguan rebel groups were "achieving our goal" of discouraging Nicaraguan support for the Salvadoran insurgents.

"They feel they will win because God and America are on their side," Mr. Casey declared, according to Representative Stephen J. Solarz, a Brooklyn Democrat, and others.

Nonetheless, the Democratic majority on the House Intelligence Committee was reported ready later today to propose an end to the once-covert aid to Nicaraguan rebels. They were said

financing run out this month or to provide up to \$6 million in so-called termination funds to phase out the program and resettle rebel leaders.

Speaker O'Neill said that in the House as a whole "the majority is for not giving any more funding whatsoev-er." Democratic leadership sources said that Mr. Boland and some others felt a responsibility to help wind down the program but with "tight language" that would block any effort by the Com tral Intelligence Agency to use the money-to-keep the rebel program

At a heated two-and-a-half hour session with Secretary Shultz and Mr. Casey this afternoon, the Senate Select Committee on Intelligence authorized money for the Nicaraguan rebels for 1985 but only after adopting guidelines proposed by Senator Joseph P. Biden Jr., Democrat of Delaware, according to a committee member

The member said the guidelines would limit the paramilitary activities of the rebels by barring the use of funds to overthrow the Nicaraguan Government and would require advance notice in writing from the C.I.A. of any new military initiativies against Nicaragua by the rebels.

At a final press appearance this morning before his return to El Salvador after a whirlwind four-day political visit here, Mr. Duarte once again avoided taking sides in the dispute over ald to the Nicaraguan rebels.

WALL STREET JOURNAL 24 May 1984

More Aid for Rebels In Nicaragua Voted By Senate Panel

By David Rogers -

Staff Reporter of THE WALL STREET JOURNAL WASHINGTON-The Senate Intelligence : Committee approved continued military aid for anti-Sandinista insurgents but narrowed the scope of the Central Intelligence Agency's operation in Nicaragua.

Meeting in closed-door session, the panel approved the full \$28 million CIA request for the fiscal year beginning Oct. 1, sources said, but conditions attached to the authorization would restrict the goals used to justify the war. The goals are stated in a finding submitted by President Reagan. The restrictions would narrow the CIA's mandate, particularly in regard to altering the internal makeup and relations of the Nicaraguan the measure provoked bitter debate after government.

. This change addresses continued concern that the Reagan administration seeks to overthrow the Nicaraguan government. But president's authority. The measure was an the restrictions fall far short of satisfying the Democratic-controlled House, which has considered by the House last night. twice voted to cut off all funding. A third vote is expected today when the House takes up a Senate-passed bill providing another \$21 million for the CIA operation this year, and the controversy could jeopardize a separate request for \$61.8 million in military aid for El Salvador attached to the same bill.

The Salvadoran aid seems certain to win in the House, but the money can't be used until the larger bill-including the CIA funds—is passed by both houses. Chairman Edward Boland (D., Mass.) of the House Intelligence Committee has proposed a compromise \$6 million package to finance the withdrawal of the insurgent force and provide humanitarian care for any refugees; but neither the Senate nor the administration appears ready to accept this yel

Secretary of State George Shultz and CLA Director William Casey met with House and Senate members arguing for continued funding for the war, but critics were skeptical of the evidence presented for the operation.

At a House briefing, for example, Gen. John Vessey Jr., chairman of the Joint Chiefs of Staff, presented maps and pictures to document the arms flow from Nicaragua to El Salvador, but the actual weapons shown were relatively few, according to several House members.

Before the Senate Intelligence Committee, Mr. Shultz and Mr. Casey were accompanied by Fred C. Ikle, defense undersecretary for policy and a hardliner on Central America. But the administration has been frustrated in producing the tangible proof that it needs to make its case.

Meanwhile, the House voted to bar the introduction of U.S. armed forces into El Salvador or Nicaragua for combat unless Congress has declared war or enacted a specific authorization, or unless such action is needed to meet "a-clear and present danger of hostile attack" on the U.S.

Despite the overwhelming margin, 341-64, the roll call as Republicans, apparently caught unaware, criticized the measure as 'dumb," and an improper intrusion on the, amendment to the defense-authorization billSTAT

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By BARBARA REHM

Washington (News Bureau)-Emergency American military aid for El Salvador hit a snag in Congress yesterday, sidetracked by a bitter disagreement over whether to link the Salvadoran funds with continued support for anti-government guerrillas in neighborhing Nicaragua.

House Speaker Thomas P. O'Neil (D-Mass.) said efforts were under way to find a comsure to a vote this week. The funds have already been approved in the Republicancontrolled Senate.

He insisted that most members of the Democrat-controlled House want to end all funds for the rebels fighting Nicaragua's Marxist government. The Senate was unlikely to agree to a cutoff.

"That is the big thing holding this up," O'Neil said.

Even staunch opponents of President Reagan's policies in Central America conceded the administration will eventually win increased funding for El Salvador, aided by the four-

Jose Napoleon Duarte.

promise and bring the mea- money," said Sen. Paul Tson. cause he hoped he could draw gas (D-Mass), one of the most prominent of the administration's critics. "There's no doubt he went away from here with a lot of friends."

> In his final public appearance in the U.S. yesterday, Duarte promised to oust chief military officials linked to the right-wing death squads terrorizing his tiny nation. Among the shakeups Duarte proposed was the removal of National Treasury Police Chief Nicolas Carranza, accused of being one of the most notorious ringleaders of the execution squads.

Duarte told an overflow auday personal lobbying effort dience at the National Press' of Salvadoran President-elect Club he wanted to avoid a

confrontation with either the "DUARTE WILL get his far right or the far left, bethem into a dialogue. He appealed to Congress approve the full \$62 million in emergency funds without any conditions.

> On Capitol Hill. House Majority Leader Jim Wright said he warned Secretary of State Shultz and CIA director William Casey that the aid to Salvador will be endangered if they continue to press for aid to continue the covert war in Nicaragua.

> But Shultz, who briefed a closed-door session of the House Foreign Affairs Committee, said afterward he not only urged full and immediate approval for the Salvadoran

aid, but also "put forward the case of people in Nicaragua who are fighting for their liberty, their values and their ability to have a life without repression."

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Sandinista Foes Getting Results, Shultz Asserts

Nicaraguans Being Pushed Toward Peaceful Compromise With U.S., He Tells Congressmen

By DOYLE McMANUS, Times Staff Writer

WASHINGTON -Secretary of State George P. Shultz, renewing the Reagan Administration's appeal for money for CLA-directed Nicaraguan rebels, told congressmen Wednesday that the rebels' attacks. are pushing Nicaragua's leftist regime toward a peaceful compromise with the United States.

But House Democrats said they *are unconvinced, and some proposed replacing the Administration's \$21-million aid request with a \$6-million fund to "wind down" the covert war.

Shultz and CIA Director William Ji Casey also asserted at a closed-door meeting that the rebels are forcing the Sandinista regime to be more conciliatory toward its Central American neighbors and its domestic opposition, according to congressmen and other officials who attended.

Democratic opponents of the Administration have argued that the CLA's financing and direction of the rebels, known as contras, have produced no such positive results.

The issue is a matter of debate even within the State Department. In a confidential cable to the State Department last month, the U.S. ambassador to Nicaragua warned that the military pressure "has Democrats are working on a proa soft-line policy is hopeless, as the U.S. is determined to destroy the revolution."

The cable, which appears to run contrary to Shultz's argument, noted that the Sandinistas adopted a "conciliatory policy" after the U.S. America, said he favors "some invasion of Grenada last October funding to close it down and hubut abandoned that approach after manitarian payments to the people their initial gestures were followed by an escalation of rebel attacks and the CIA-directed mining of Nicaraguan harbors.

that Nicaragua's internal political rejected. "The vote's very tenuous conflict appeared headed toward as to whether that could pass," he violent clashes. "Recent events said. "It seems the majority favors have accelerated the polarization no funds whatsover." .process and compromise appears increasingly remote," the cable gressmen, Shultz and Casey repeat-

reached for comment. Some Admin-fighters" who deserve U.S. support, istration officials have said he was "We...put forward the case of reports and said that Quainton will reporters after the session. soon be nominated for another ambassadorship.

knowledged that the rebels' attacks pect to pass money for continuing a have not yet prompted any noticea- covert war in Nicaragua in the . ble moderation among the Sandinis- House, and they would be wise to 'tas, but argued that the situation drop that." would be even worse without their efforts.

"You cannot demonstrate conclusively that increased pressure on Nicaragua will cause Nicaragua to be more accommodating," he said.

accommodating than if there is no pressure." The Administration's \$21-million request for the contras is attached to an emergency appropriations bill that also includes \$61.8 million in

new military aid for El Salvador's

"But you can reach the conclusion

that they are more likely to be more

war against leftist guerrillas. The funds have already been approved by the Republican-led Senate. Leaders in the Democratic-controlled House have said that the money for El Salvador is almost certain to pass-but that the funds for the Nicaraguan rebels are likely

Congressional aides said some

convinced (Sandinista) leaders that posal that would provide \$2 million to wind up the war and a \$4-million fund to help the rebels and their

families relocate.

Rep. Michael D. Barnes (D-Md.), chairman of the House Foreign Affairs subcommittee on Latin America, said he favors "some involved. We hired them and got them into this. It seems to me we have some responsibility.'

uan harbors. But House Speaker Thomas P. In the message, then-Ambassa- (Tip) O'Neill Jr. (D-Mass.) said dor Anthony C.E. Quainton warned even the proposed \$6 million may be

In their meeting with the coned President Reagan's message at Quainton, who recently left the his news conference Tuesday evepost in Nicaragua, could not be ning-that the rebels are "freedom

forced out of his job because he had people in Nicaragua who are fight-'expressed increasing reservations ing for their liberty, for their values about the covert program, but the and for their ability to have a life State Department has denied those without repression," Shultz told

But House Majority Leader Jim Wright (D-Tex.) said he told the A State Department official ac- two officials that "they cannot exON PAGE

24 May 1984

TOM BRADEN

Is secrecy possible

e'll probably never know whether Sen. Jesse Helms, the rightwing moralist from North Carolina, did or did not make public secrets of the Central Intelligence Agency when he let fly with his accusations that the CIA financed the election campaign of Jose Napoleon Duarte.

The reason we won't know is that nobody except Mr. Helms wants to taint Mr. Duarte's election. Most senators assume that the CIA did its best to help him win it, are glad he won, and don't wish to embarrass him by asking who paid the bill.

If Mr. Duarte had not won, aid to El Salvador would have been cut off. because everybody also assumes that Mr. Duarte's rival, Roberto D'Aubuisson, is tied into the rightwing death squads which have been the chief obstacle to aid.

So it really doesn't matter much whether Sen. Helms used information he acquired by virtue of his post on the Senate's Select Intelligence Committee or whether, as he says, he made his charges after reading an El Salvador newspaper. The important point is that once again it has demonstrated that the Central Intelligence Agency does not seem to be able to keep a covert operation covert.

Indeed, it appears that, under the direction of William Casey, the agency doesn't care anymore. Maybe Mr. Casey's World War II background tells him that secrecy doesn't matter. Mr. Casey had charge of running agents into Germany during the closing days of



that war and though he was largely successful, his success did not depend upon great secrecy. If some of the agents completed their sabotage assignments, that was success. Getting caught meant death to the agent but no embarrassment to the country.

Forty years later, Mr. Casey seems to be proceeding on the same assumptions. In Nicaragua, we are conducting a "covert" operation consisting of an army of thousands and the Congress debates the question of whether or not to keep the army in being just as though it con-States. The word "covert" is so secretly. much baggage.

It surprises me that no one seems to care. "Plausible deniability" was a phrase which used to have a hard meaning and to which covert operators attached a great significance. But if Mr. Reagan were to deny to a foreign statesman that the United States was supporting an army in Nicaragua or had paid for the election of Mr. Duarte, he would be regarded as both a fool and a liar. Of course he will never make such a claim.

Does this tendency to shrug our shoulders and permit our secret operations to become widely known make any difference to the national security? I should think so, and in at least two ways.

Pirst, it is destructive of morale and discipline at the Central Intelligence Agency. If it doesn't matter whether secrets become public, why bother keeping secrets?

Second, and more important, the habit of not caring whether covert operations become public removes an important restriction on the president and the director of Central Intelligence.

Until the era of Ronald Reagan and Bill Casey, there were certain things the United States couldn't do sisted of regular units of the United | because it couldn't do them

> Covert action implies a certain respect for the good opinion of mankind. We might want to undertake an action in a Western European country which would be helpful to our own security. But if we thought the general public in that country would find out about the action, we might decide that the risk of endangering our relations and our good name with the people of that country would make the game not worth

Mr. Casey and Mr. Reagan are saying by their deeds that in Central America, at least, we no longer tare what the people think.

24 May 1984

FILE ONLY -

GOP assails report linking Casey to Carter briefing papers

By PAUL MAGNUSSON And SAUL FRIEDMAN Herald Washington Bureau

WASHINGTON — House Republicans on Wednesday denounced a subcommittee report that said 1980 Carter campaign documents were routed to the Reagan-Bush campaign through William Casey, who now serves as head of the Central Intelligence Agency.

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The Democratic majority of the subcommittee, led by Chairman Donald Albosta of Michigan, urged the administration to appoint a special prosecutor to determine who should be charged with the theft of the materials, which the subcommittee said were obtained from four separate offices in

the Carter White House, including the National Security Council.

House Republican leader Robert Michel of Illinois and GOP committee members criticized the 11-month investigation, saying it was filled with "inaccuracies, innuendo and assumptions."

They said the Democrats failed to address the principal question of who in the Carter administration supplied the campaign strategy materials to the Reagan-

Bush camp.

House Republicans passed out yellow buttons asking "Where's the Mole?" — a reference to the person who presumably leaked the materials that Reagan campaign officials have acknowledged were used in briefing Reagan before his pivotal October 1980 debate with President Carter.

Casey had no immediate comment on the report. White House sources said privately Wednesday that several top presidential aides would like to see Casey resign, but White House spokesman Larry Speakes said Wednesday that President Reagan

continued to support Casey.

The Reagan administration has appealed a U.S. District Court order directing it to appoint a special prosecutor. Previously, the Justice Department had concluded that no special prosecutor was necessary because it could find no evidence that any federal laws had been broken in the incident. Speakes said Wednesday that President Reagan had not been involved in the Justice Department decision to appeal the court ruling directing the appointment of a special prosecutor, but said the

The 2,400-page subcommittee report concluded that some Reagan-Bush campaign officials were "not candid" during their closed-door questioning. The report names 13 people connected with the Reagan-Bush campaign who admitted seeing or receiving campaign materials, including current White House chief of staff James Baker and budget director David Stockman.

Baker named Casey as his source for a black, loose-leaf binder containing President Carter's debate briefing papers, ac-

cording to the committee report.

Baker's statement is confirmed by his executive assistant, Margaret Tutwiler. Casey, who was Reagan's 1980 campaign chairman, told the subcommittee that he did not recall ever seeing the Carter briefing materials, and he told reporters that he would not have touched the materials "with a 10-foot pole" had he known of their existence within the Reagan-Bush campaign.

The subcommittee report, in contrast to a Justice Department finding last February that no federal crime had been committed, concluded that the papers from the Carter White House were government property and that their theft was a federal crime.

In addition, the report notes that the sensitive Carter administration documents received "insufficient protection" from White House and Carter-Mondale campaign officials.

Albosta said Wednesday that the subcommittee discovered "an epidemic of forgetfulness" among some Reagan-Bush officials. He said that such memory lapses combined with a lack of candor by others had hampered the investigation.

Nevertheless, said Albosta, "we believe we know from which offices and from whom the documents came and we have given an independent counsel much to go on. . . . We have a warm barrel, but the smoke is yet to be found."

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WASHINGTON POST 24 May 1984

Reagan Hints Veto of Any Bill Ending Nicaraguan Rebel Aid

By Joanne Omang and Helen Dewar

President Reagan has sent some early warnings that he might veto any legislation terminating his program of aid to rebels against the government of Nicaragua, even at the cost of losing further military aid to El Salvador and \$1.1 billion in other projects in the same bill.

As President-elect Jose Napoleon Duarte of El Salvador ended a four-day triumphal tour of Washington and left for home yesterday with further aid to his country seemingly secure, administration officials turned to the defense of the three-year-old "contra" program in Nicaragua, which House critics have vowed to kill.

Secretary of State George P. Shultz, Gen. John W. Vessey Jr., the chairman of the Joint Chiefs of Staff, and CIA Director William J. Casey held meetings on both sides of Capitol Hill to argue strongly against any shutdown provisions.

"If it contains termination language, that could kill the whole bill, including [military aid to] El Salvador," said a Senate Republican leadership aide after talking to the White House. "It puts the whole bill in jeopardy."

Other sources said the White House was still hoping to work out a compromise and was not yet calling around to make active veto threats. The hint of such an effort, however, did not immediately convert the critics.

"I'm not surprised, but I don't think it'll make anybody cringe in the corner," said Rep. Wyche Fowler Jr. (D-Ga.), a member of the House Intelligence Committee that will take the lead in opposing the contra program when it comes to the House floor.

Duarte's visit was widely praised in Congress as assuring passage in the House for Reagan's proposed \$62 million in emergency military aid to El Salvador, which has already passed the Senate, and easing the way for larger economic aid proposals after that.

At a news conference before leaving, Duarte pledged to control "rightist death squads and abuses of authority" and to end "the culture of terror" in his country, in part by changes in the military high command. "If I cannot, I don't deserve to be president," he said.

These promises won a warm response from Congress, but that warmth did not seem to extend to the administration's request for \$21 million for the contras.

Instead, House members were debating whether to call for a total cutoff or to propose shutdown funding. They were discussing levels of about \$2 million to fund a military withdrawal and about \$4 million for resettlement of the contras and their families, according to House Speaker Thomas P. (Tip) O'Neill Jr. (D-Mass.).

Majority Leader James C. Wright Jr. (D-Tex.) said he had told Shultz, Vessey and Casey that "they've got to confront the issue" of House determination to end the program. "It would be a good idea to drop it," he said.

Shultz, Vessey and Casey argued in their presentation that U.S. vital interests are at stake in Central America, that U.S. policy there is achieving its objectives and that Nicaragua is testing U.S. resolve with its continued military buildup, according to several members who were present.

Rep. Bill Alexander (D-Ark.), the chief deputy majority whip, quoted Casey as saying, "The contras are convinced they will win because God and America are on their side."

"I thought it was pitiful," said Rep. David R. Obey (D-Wis.). "It was the typical slide and pony show I've gotten from the Pentagon for 15 years."

Fowler said the arguments are wrong.

"By any objective evaluation there's no evidence of success," he said. "They can continue to say it but they're now whistling past the graveyard."

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REAGAN TRAVELS TO CIA, HAILS CASEY BY TERENCE HUNT LANGLEY, VA.

President Reagan praised the work of CIA Director William Casey and the spy agency's employees Thursday as "an inspiration to your fellow Americans and people everywhere," while the White House said Reagan retains full confidence in Casey.

The president traveled to CIA headquarters for a ground-breaking ceremony one day after a House subcommittee accused Casey of playing a major role in an organized and possibly illegal political espionage effort in which Carter administration documents were obtained for use in Reagan's 1980 election campaign.

Casey, waiting to greet Reagan at a helicopter landing zone here, refused to talk to reporters about the congressional report. Gesturing toward a network television crew, Casey said, "I don't want to talk with those mikes."

Stepping from his helicopter, Reagan shook hands with Casey, and the two men climbed into a waiting limousine and rode several hundred yards to the ceremony.

White House spokesman Larry Speakes said the trip to the CIA "was long planned. It's certainly an endorsement of the role that the CIA and the role its director is playing there."

While saying Reagan still had full confidence in Casey, Speakes added, "I don't think the president can pass judgment on the (congressional) charges because he hasn't read it or been briefed on it."

Hundreds of CIA employees left their work and sat on a sunny hillside near the agency's main building to catch a glimpse of Reagan.

"Without you, our nation's safety would be more vulnerable, and our security fragile and endangered," the president told the crowd.

"The work you do each day is essential to the survival and to the spread of human freedom," he added. "You remain the eyes and ears of the free world. You are the tripwire over which the totalitarian rule must stumble in their quest for global domination."

Reagan said that the CIA "cannot operate effectively unless its necessary secrets are maintained even in this, the most open and free country on Earth.

"We cannot expect you or your informants to endanger life and work because of carelessness, sensationalism or unnecessary exposure to risk," Reagan added.

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CIA/WILLIAM CASEY BROKAW: President Reagan took advantage of a perfect opportunity to give his controversial CIA director a big vote of confidence today. The president showed up at a ground-breaking for an addition to the agency's headquarters in Langley, Va., and Bill Casey was there. Chris Wallace tonight on the president's praise and the agency's plan.

WALLACE: The president today stood by the embattled CIA and it's even more embattled director, flying to the agency headquarters in Virginia to a ceremony. Before Mr. Reagan arrived, Casey indicated he had not yet read a House report that concludes he obtained Carter campaign materials for the 1980 Reagan campaign. He clearly didn't want to discuss it. WILLIAM CASEY (CIA director): However, I'll probably make a statement later. UNIDENTIFIED REPORTER: Today? CASEY: Probably. UNIDENTIFIED REPORTER: Are you gonna stay in your job, sir? CASEY: I don't want to talk about it, Mike. (sic)

WALLACE: Casey may not have been talking, but the president was. Mr. Reagan called agency employees heroes, and he seemed to answer critics of CIA covert operations in Nicaragua. PRESIDENT REAGAN: You remain the eyes and ears of the free world. You are the trip wire over which the totalitarian rule must stumble in their quest for global domination.

WALLACE: The president also praised Casey, saying his reform of the CIA has been 'breathtaking.' REAGAN: Your work, the work of your director, the other top officials, have (sic) been an inspiration to your fellow Americans and to people everywhere.

WALLACE: The president never mentioned the House report on the 1980 campaign. Later the CIA said Casey won't have a statement today, and may not ever. Top White House officials say their early judgement is that the House report is not hurting them politically. They predict the president will keep Casey and keep fighting appointment of a special prosecutor. Chris Wallace, NBC News at the White House.

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PRESIDENT LAUDS CIA WORKERS McLEAN, VA.

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President Reagan told employees of the Central Intelligence Agency today that their work, and the work of director William Casey, "have been an inspiration to your fellow Americans and people everywhere."

The president, attending groundbreaking ceremonies for an addition to the CIA headquarters in this Virginia suburb, made no mention of a new House subcommittee report that charges a crime was committed in the way his 1980 campaign obtained Jimmy Carter's briefing papers.

The report said evidence indicates the materials entered the campaign "through its director, William J. Casey." Casey has said he does not recall seeing the documents or giving them to anyone.

Reagan used a silver shovel to turn over dirt for a 1.1 million square foot addition, which will double the size of the CIA headquarters.

"When historians look back on all of this," Reagan said, "I'm sure they will conclude that no one has played a more important role in this exciting new era than all of you here in CIA.

"Your work, the work of your director, the other top officials have been an inspiration to your fellow Americans and to people everywhere."

Casey refused to talk to reporters.

Asked about the refusal, agency spokesman Chuck Wilson said, "Mr. Casey obviously is here on this great day for the groundbreaking ceremony and is not prepared to discuss other issues."

Asked if Reagan's visit were a demonstration of support for Casey and the agency, Wilson replied, "I think it's a great show of support for the CIA. Mr. Casey is a big part of the CIA. "



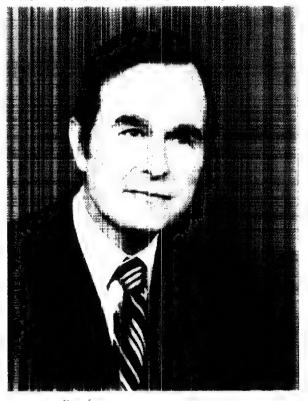
for the Central Intelligence Agency Headquarters Building Expansion by The President of the United States

24 May 1984

The President of the United States

Ponald Reagan

The Vice President of the United Sta

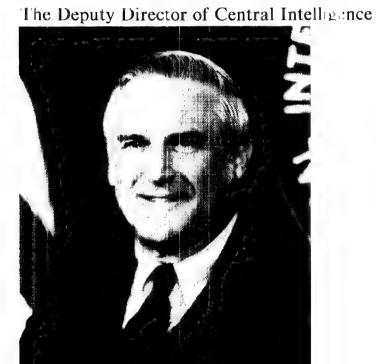


Ceorge Bush

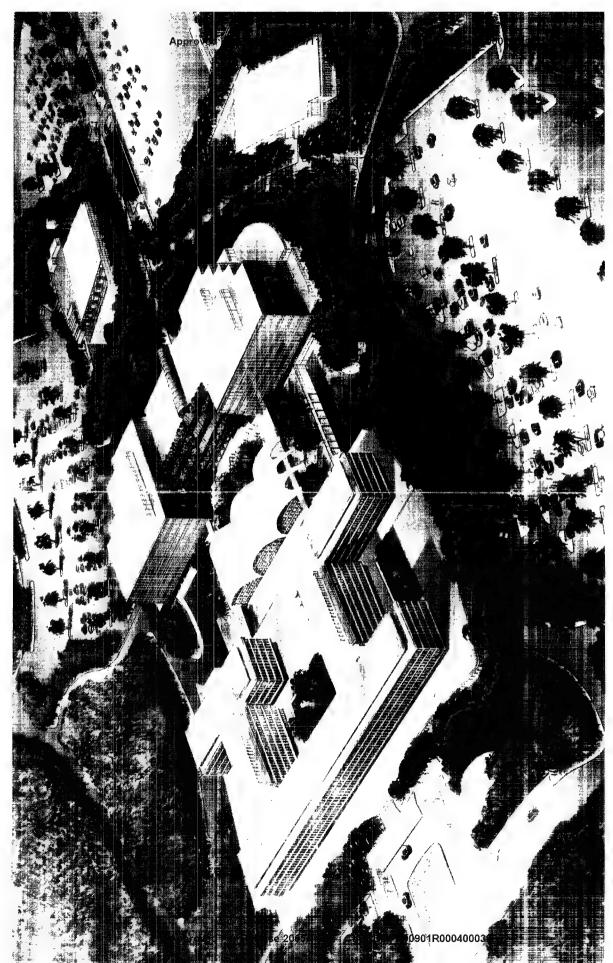
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John N. McMahon



The Headquarters Building Expansion

Approved For Release 2005/11/28: CIA-RDP91-00901R000400030002-2

The Headquarters Building Expansion

Expansion of the Headquarters Building of the Central Intelligence Agency will provide space to consolidate approximately 3,000 employees from the Washington metropolitan area. The new facilities include a 1.1 million square foot multipurpose building, a 2,500 car parking deck, and a security checkpoint.

The multipurpose facility, consisting of both office and machine space, is being constructed west of the existing cafeteria and will connect to the existing building at the ground and first floor. The ground floor connections are adjacent to the new loading docks and will facilitate the movement of equipment and supplies between the two buildings. The first floor connections will provide personnel access to the cafeteria and between buildings.

The new building has been designed to preserve the wooded environment of the site and to maintain the presence of the existing building as the Headquarters entrance. The new building will be built into the hillside west of the existing cafeteria and will consist of two 6-story office towers constructed of green tinted glass curtain walls with horizontal and vertical divisions designed to be compatible with the existing Headquarters facade. The 4-story atrium will contain an employee services concourse and four levels of outdoor planters which will recreate some of the lost greenery of the hill. The ground floor base, which will be constructed of concrete to emulate the existing building, will contain building support functions. Entrance to the building will be at the fourth floor level on the west side and adjacent to the new parking deck. Two escalators will expedite the movement of personnel between the fourth and first floors.

The courtyard space between the two buildings is designed to preserve the existing large trees near the cafeteria, and additional plantings, park benches, tables, and pathways will be installed to encourage use of this space by Agency employees. This courtyard will also provide a pleasant view from the existing cafeteria and the atrium of the new building.

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The new building incorporates the latest materials and construction techniques to permit rapid space reconfiguration at minimum cost. The entire office and computer space will be on raised flooring, and a system of plug-in wiring will be used for electrical distribution. The air-conditioning will be a variable volume system which is inherently flexible and can easily accommodate reconfigurations of interior space. Energy conservation has been stressed throughout, with the most noticeable evidence the unique double wall exterior. This double wall provides an insulating barrier on all sides.

The 3-level parking deck has also been designed to complement the campus atmosphere of the site and to provide a low profile for our neighbors at The Claude Moore Colonial Farm at Turkey Run and the Turner-Fairbank Highway Research Station. The parking deck will be built into a small hillside in the existing West Parking Lot and will have surface access at each level, eliminating the need for interior ramps between levels. The top level of the deck and the adjacent surface parking will be landscaped to soften the large area.

The new security checkpoint will be constructed east of the main entrance drive. This facility will permit improved security procedures that will validate visitors' credentials before they are admitted to the site. The security checkpoint will also be the Agency terminal for Metro buses and taxis. Shuttle service will be provided from this facility to the Headquarters entrance.

The design was accomplished by the architectural-engineering firm of Smith, Hinchman & Grylls Associates, Inc. The National Capital Region of General Services Administration is the contract agent for the construction. Initial construction is being accomplished by the George Hyman Construction Company.



Where It All Began Approved For Release 2005/11/28 : CIA-RDP91-00901R000400030002-2

Central Intelligence Agency

CREDO

- We are the Central Intelligence Agency.
- We produce timely and high quality intelligence for the President and Government of the United States.
- We provide objective and unbiased evaluations and are always open to new perceptions and ready to challenge conventional wisdom.
- We perform special intelligence tasks at the request of the President.
- We conduct our activities and ourselves according to the highest standards of integrity, morality and honor and according to the spirit and letter of our law and Constitution.
- We measure our success by our contribution to the protection and enhancement of American values, security and national interest.
- We believe our people are the Agency's most important resource. We seek the best and work to make them better. We subordinate our desire for public recognition to the need for confidentiality. We strive for continuing professional improvement. We give unfailing loyalty to each other and to our common purpose.
- We seek through our leaders to stimulate initiative, a commitment to excellence and a propensity for action; to protect and reward Agency personnel for their special responsibilities, contributions, and sacrifices; to promote a sense of mutual trust and shared responsibility.
- We get our inspiration and commitment to excellence from the inscription in our foyer: "And Ye shall know the truth and the truth shall make you free."

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Program

Concert The United States Army Band

Arrival of the President of the United States and the Vice President of the United States

The National Anthem The United States Army Band

Invocation Chaplain (Colonel) Clifford T. Weathers

Welcome and Introduction The Director of Central Intelligence

Remarks The President of the United States

Breaking of Ground The President of the United States

The Vice President of the United States
The Director of Central Intelligence
The Honorable John H. Chafee
The Honorable John W. Warner
The Honorable Edward P. Boland

The Honorable Frank R. Wolf

The Deputy Director of Central Intelligence

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NICARAGUA/ U.S. AID JENNINGS: Mr. Casey had some success today on another matter entirely. He and Secretary of State Shultz convinced members of the Senate Intelligence Committee to approve the administration's request for continued covert aid for antigovernment forces in Nicaragua. That is not to say they're going to get the money. The full Senate and the House may not go along.

STAT

Bryant gives degrees to 1,011; CIA head, 3 others are honored

SMITHFIELD — CIA Director. William J. Casey was one of four people who received honorary degrees yesterday at Bryant College's 121st commencement.

Honorary degrees also were award to Luther H. Blount, president of Blount Marine Corporation in Warren; Charles A. Bowsher, comptroller general of the United States and Colombe M. Nicholas, president of Christian Dior of New York.

York.
On Friday, at Bryant's commencement exercises for its graduate school, an honorary degree was awarded to Robert Coulson, president of the American Arbitration Association.

Among the 1,011 undergraduates who received degrees yesterday at the college's Smithfield campus were live Rhode Islanders who were singled out for special recognition.

Daniel T. Pagliarini of Cranston received both the Jay Harrison Manchester Political Science Award and the Class of '83 Commencement Award, and Jennifer L. O'Rourke of Cranston received both the Leander Francis Emin Endowed Homestead Award for excellence in accounting and the Bryant College Scholastic Achievement Award.

Industrial espionage helped build Soviet might, Casey says

By RANDALL RICHARD

SMITHFIELD — CIA Director William J. Casey said yesterday that the waspons confronting the United States today exist, in large part, because the Soviet military is fueled by American business and American know-how.

In a committeement speech at Bryant College, Casey said the Soviet. Union employs thousands of spies and hundreds of dummy corporations "to steel our technology" and he called dis U.S. industry to tighten security:

tighten security?

The Soviets, he declared, had our plans for a cargo plane (the C-5A. Galaxy) before it flew. The precise gyror and bearings in their latest generation of missiles were designed here. Their space shuttle is a virtual copy of our first design. And the list goes on.

And the list goes on ... "Industrial security measures need to be strengthened to protect our nation's most valuable asset.—our own innovations and our own brainpower — from being used against us."

Casey told the Bryant graduates that the businesses in which they will work will be the nation's "first line of defense..." and that "the West must organize to protect itself.... This will take the combined efforts of both business and government."

ALTHOUGH, A HANDFUL of people marched at the entrance to the collega's Smithfield campus to protest the CIA role in Central America, there were no demonstrations during Casey's speech.

One man in academic robes stood momentarily and held a pamphlet as the CIA director was introduced. The man quickly took his seat, however, and remained silent during Casev's address.

ing Casey's address.

Casey did not make any direct reference to the ClA's role in Central America but warned of what he said was Soviet expansionism "on our very doorstep" and said the "flight" of Miskito Indians from Nicaragua "is testimony to the emptiness of dictatorship and the

proxies and surrogates if Peace's and in war: The role of these Soviet's surrogates is as much political as military. Libyans and East Germans in Africa, Cubans in Latin America, Vietnamese in Asia have all helped to accomplish this expansion of power and influence."

Casey said that while the United States "cannot back away from the Soviet challenge in the Third World," neither the U.S. nor the Soviet Union can offer unlimited economic assistance to underdeveloped countries.

The: "key to success" in such countries, declared Casey, is business investment and the U.S., its allies in NATO and Japan "have a superior ability to promote and develop investments..."

CASEY WARNED the Bryant graduates they must be aware that "the world today is far from be-

nign" and that "perhaps the most finicious manifestation of this is international terrorism.

International terrorism.

"As practiced itoday, terrorism virtually obliberates the distinction between peace and war. We count over 50 major terrorist organisations and a great many more monitand pop shops' which can be hired by Iran, Syria, Libya, and other governments as instruments of foreign policy."



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Senate watchdogs snarlin A silence have only

STAT

By GILBERT CRANBERG



Senate Intelligence Committee Chairman Barry Goldwater said he was angry at William Casev. head of the Central Intelligence Agency, for not telling him about the CIA's part in mining Nicaraguan harbors. Sena-

tor Daniel Moyniban protested by resigning as the committee's vice chairman until Casey apologized.

The barking and snarling sounded like watchdogs at work. Listen closely and the sounds are more like snoring ; or the purring of pussycats.

Goldwater's and Moyniban's growling at Casey, in April, came long after news reports told about ships being hit. by mines in Nicaraguan ports. One was struck Feb. 25, another March 9. The Soviet press agency Tass charged March 22 that a mine that damaged a Russian ship two days earlier had been planted by a U.S. vessel spotted close to Puerto Sandino.

The committee dozed through that as soundly as it slumbered when the State Department responded with a curious non-denial to charges that the United States was responsible. By the time Goldwater and Moynihan finally roused themselves to rebuke Casey, it was widely assumed that the CIA had supervised the mining.

The committee signaled its compliant attitude toward Casey and the CIA during Casey's 1981 confirmation hearing. As the only session of the Senate Intelligence Committee on the public record, it provides a revealing glimpse of the committee's attention to its work.

Moynihan, the committee's ranking Democrat, set the tone by fawning over Casey as "this distinguished American, a man superbly well qualified, a man of the greatest distinction; were there more men such as William Casey in this nation, a president would might have to fill."

When Casey gave an evasive response about his willingness to share information with the committee, Moynihan-declared admiringly, "... not for nothing did you go to the Fordham Law School." (Actually it was St. John's.) "They taught you prudence. ... I take that to be a straightforward answer, and I thank you for it."

Casey had come to the CIA appointment fresh from serving as Ronald

Reagan's 1980 campaign manager. A political manager managing the nation's intelligence machinery? The potential for politicizing intelligence estimates for the benefit of an incumbent administration should have been obvious, but only once did a committee member even allude to the prob-

The committee was told that a key Casey qualification was his recognition of the importance of economic intelligence. Casey testified that, as a member in 1976 of the President's Foreign Intelligence Advisory Board, "my special interests were a greater concentration on improving economic intelligence. ... " If confirmed, he said, a principal CIA function would be to aid the nation "in competing in an increasingly inter-dependent and competitive global economy."

Casey, self-described as an "entrepreneur" who had authored "How to Raise Money to Make Money," "Tax Planning on Excess Profits," and "How Federal Tax Angles Multiply Real Estate Profits," had submitted a financial-disclosure statement brimming with stock holdings. The sum total of the committee's attention to Casey's finances and his access to secret economic intelligence was this comment from Goldwater.

"Before we hear from Mr. Casey, I will say that the financial-disclosure statement has been received, and the Office of Government Ethics says that Mr. Casey is in complete compliancé."

Two years later, after the press disclosed that Casey, while in office, had

involving several million dollars, he was forced by public criticism to follow the example of his predencesor

The Church Committee in 1976 had expressed misgivings about covert action, saying it should be seen as an exceptional act and only when absolutely essential to national security. At about the same time, a study of foreign policy by the Murphy Commission, on which Casey served, had expressed similar views and called for covert action to be reported to appropriate congressional committees.

Asked if he still agreed with the Murphy Commission recommendation, Casey hedged. He said it "generally reflects my views today." Pressed just this once for an explanation, Casey said he thought covert action could be permissible in situations "which are not of the greatest importance." He added, "I think there is a point at which rigid accountability, ... can impair performance." End of the subject.

If Casey had detected some slight uneasiness in the committee about covert action, the thought would have been dispelled by Chairman Goldwater's ringing endorsement of more vigor on the covert-action front. Complaining that "one of the greatest weaknesses that we suffer is in our overseas work," Goldwater told Casey:

'I think this came about through the wrong activity of the Church Committee and other committees of Congress which has directed assaults on the intelligence family to the point that I find in traveling that the overseas offices are afraid to engage in covert activity without first thoroughly discussing it with the home office. . . .

"Now, I don't want you to explain in detail what your feelings are about it, but I think I speak for many people interested in the profession that if we don't have overseas offices free to act covertly without going back home. we're going to get in the same kind of a fix we were in in Vietnam when pilots couldn't attack targets of opportunity."

have less difficulty filling his Cabinet or any other positions that are presented for Release 2005/11/1428 20GIA: RDP94-00901R000440083000252. For the most part, involving saveral million dollars he their comments to Casey were about the need to surround the CIA with

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STAT

CIA Sought **3rd-Country** Contra Aid

By Bob Woodward Washington Post Staff Writer

The CIA unofficially asked Saudi Arabia and Israel last month to provide covert support for the U.S. intelligence agency's secret operations against the Sandinista government of Nicaragua, according to informed sources.

The Saudi government turned down the request. But the sources said some U.S. intelligence officials have claimed that Israel provided some type of well-concealed financial assistance to U.S.-backed guerrillas, called "contras," who are conducting paramilitary operations against the leftist government in Managua.

A senior Israeli official denied this yesterday, saying, "We have not supplied any money to the contras, either directly or indirectly. We are not consciously or with knowledge passing anything to the contras We are not a surrogate for the United States."

According to U.S. sources, the Israeli assistance reportedly totals several million dollars and appears to be reaching the contras through a South American intermediary. The United States might repay Israel for this unofficial assistance, the sources said, in the \$2.5 billion in military and economic aid it annually sends to Israel.

Asked about overtures to Saudi Arabia and Israel, a senior Reagan administration official said this week, "There were lots of conversations . . . but nothing of that character that was official." The Saudi contact. according to this official, was "totally unauthorized."

Sources said that Reagan administration lawyers questioned the legality of any CIA effort to circumvent Congress, which so far has refused to approve additional money the administration has requested for the covert operations. Another well-placed official said about the Saudi contact, "In a sense [the United States] didn't ask and [the Saudis] didn't say no . . . but of course it happened."

The Reagan administration appears to be making wide-ranging efforts to keep the contras supplied with money and equipment while Congress remains in a stalemate over further funding for the secret operations against Nicaragua's government. In at least one case, congressional sources said yesterday, the CIA borrowed aircraft from the U.S. Air Force and loaned it to the rebels at no

This circuitous process, described by congressional sources as "bailment," appears to allow the CIA to get around the financial limits imposed by Congress on aid to the contras. The sources said they believe the CIA may have borrowed other aircraft or ships, but not arms, from the Defense Department.

According to the congressional sources, the CIA has about \$1 million left of the \$24 million that Congress last approved for aid to the Nicaraguan rebels.

The Nicaraguan Democratic Force, largest of the three rebel groups receiving U.S. aid, announced yesterday that its forces had captured a government outpost in a southern part of Nicaragua called Chontales. If true, this would indicate that the rebels still have the strength to open a new front.

In the current atmosphere of reciprocity between the Israeli and U.S. intelligence agencies, Israeli assistance to the contras would not be out of the question, according to both U.S. and Israeli sources. Several officials said that William J. Casey, in his three years as CIA director, has provided Israeli intelligence with access to sensitive satellite photographs and other reconnaissance information that had been denied the Israelis in the late 1970s.

Several contra leaders have been quoted recently, as they were last year, as saying that they had made arrangements to get assistance from Israel. Several well-placed sources said it is apparent that some type of alternative funding got through to the contras after Congress refused last month to approve the \$21. million requested by President Reagan for the covert operations.

"The desperation of April has turned to the confidence of May," said one source. A senior Reagan administration official yesterday attributed the new mood of confidence to "lots of scrounging around" by the contras.

Both Casey and other CIA officials have denied to the House and Senate Intelligence committees that they have any personal knowledge of a third country providing money to the contras.

Two sources described the following sequence of events for the back-channel request to Saudi Arabia after The Washington Post published an April 13 report in which an unidentified source revealed that the CIA was considering the possibility of asking "another country, such as Saudi Arabia, to send money to the contras." The source was a U.S. official, although not identified as such in the report.

Soon after the report appeared, a CIA official asked a Saudi official if the well-placed source had been a Saudi and whether Saudi Arabia was hinting interest in helping to support the contras. The Saudi official replied negatively, according to the sources, and then

was pressed by the U.S. official, who noted that the requested \$20 million to \$30 million would be "peanuts" for the oil-rich kingdom.

The Saudi official then agreed to check officially at high levels of his government. The sources said the reply was negative, with these reasons given:

- The Saudis believed that the CIA could not or would not really offer anything of substance in return.
- · The Saudis generally disagreed with many aspects of U.S. policy in Central America. The Nicaraguan government, which the CIA is harassing through its support of the contras, is essentially pro-Arab, while two U.S.-backed countries in the region-Costa Rica and El Salvador-recently moved their embassies in Israel to the city of Jerusalem, a move opposed by Arab states, including Saudi Arabia.
- The Saudis claimed they had no confidence that secrets could be kept in the Reagan administration and that any covert Saudi aid soon would be reported in the American press and embarrass them.

The extent of U.S.-Israeli cooperation on intelligence matters is a matter of some concern in the CIA. Some officials believe that Casey has gone too far. Others say, however, that the United States gets much crucial information in return from the well-respected Israeli services.

Retired Israeli Maj. Gen. Yehoshua Saguy, who was head of Israeli military intelligence from 1979 to 1983, said in an interview earlier this year that the CIA now gives the Israelis access to data from reconnaissance satellites "not only the information but the photos themselves Casey now says 'yes' all the time." Saguy said Casey's action was "very wise politically" and confirmed it was a reversal from the policy of CIA director Stansfield Turner, who left office in early 1981.

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CASEY URGES BUSINESS GROWTH, WARNS OF COMMUNISM BY LISA C. COMEN SMITHFIELD, R.I.

STAT

CIA Director William J. Casey emphasized the importance of the link between American business interests and national security Saturday in an ''intelligence briefing'' to the graduating class at Bryant College.

Casey spoke to the 1,000 graduates and their friends and relatives at the 121st graduation exercises at the small business college, located in rural northern Rhode Island.

Under a bright morning sun, Casey also received an honorary doctorate in business administration.

While the speech was greeted with cheers and applause from the graduates, it was protested by a handful of demonstrators, none of whom were affiliated with Bryant. The protestors -- carrying signs -- lined the approach to the school before and during the ceremony.

Casey, who has headed the CIA since 1981 and is the first director of the CIA to be named as a member of the presidential cabinet, told the class of future business leaders that private industry has a key role in the national defense.

''I believe American business is one of our greatest international assets,''
he said. ''Investment is the key to success in the Third World and we, our NATO
allies and Japan, have superior ability to promote investment and support it
with know-how.''

To assure that economic success, there must be a ''commitment to a strong national defense,' he emphasized.

''If history has taught us anything it is that military strength deters agression,'' he said. ''The alternative is slow economic strangulation and political isolation.''

Protester Ramona Pena, a member of Rhode Island Women of Faith and the state chapter of Women for a Non-Nuclear Future, said the group's purpose was not to disrupt the ceremony, but to tell people they felt Casey was an inappropriate choice for an honorary degree.

''This is a business school and he is hardly a model of business ethics,''
Pena said.

Pena said Casey owed back taxes, refused to put his personal funds in a blind trust, and was apparently involved in the missing Carter administration papers. She also cited the CIA's involvement in both overt and covert military operations in Central America.

The protestors included members of the Third World Solidarity Group of Providence and the Latin American Students' Organization at Brown University.

Continued

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2.

The protestors said they had been in contact with members of the Bryant faculty who were ''distressed'' by the college's choice of speaker. They said the faculty were told by the president of the college the decision was up to the trustees.

The keynote speaker and recipients of honorary degrees are chosen by a committee with representation from faculty, trustees, administrators, the student body, and the president, according to a Bryant spokeswoman.

In his speech, Casey warned of ''the armed might'' of the Soviet Union, but stressed ''the continuing Soviet effort to expand the power, influence and control of Communism arounnd the world'' was even more ''worrisome.''

Casey recalled the words of former Soviet Premier Nikita Krushchev, who said in 1961 wars of national liberation in Third World countries would make Communism the dominant form of government in the world.

"We were reluctant to believe him him then, just as we were reluctant to believe (Adolf) Hitler in the 1930's when he said he would take over Europe," Casey said.

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COMMENCEMENT ROUNDUP

STAT

CIA Director William J. Casey and Navy Secretary John F. Lehman backed the Reagan administration's defense buildup Saturday in commencement speeches, while Sen. Lowell P. Weicker Jr. criticized administration spending priorities for cutting into such areas as medical research.

* * * * * *

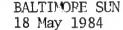
During Casey's appearance, more than a dozen people demonstrated at the entrance to the rural campus to protest the U.S. role in Central America.

The CIA director said that in the mid to late 1970s, the Soviet Union began a new strategy to expand its influence in the Third World.

"Moscow's geographic expansion of power to all the continents of the world in a mere decade is unprecedented," he said.

* * * * * *

EXCERPTED



STAT

Another Watergate?

In ordering an independent counsel to investigate charges that high-level members of the Reagan administration may have broken the law in obtaining Carter campaign briefing papers, Judge Harold Greene said he wasn't suggesting "this case is another Watergate." But he invoked that loaded word several times, and it is possible Judge Greene and others believe there may have been a 1980 campaign felony, followed by a deliberate failure of federal law-enforcement officials to get to the bottom of the crime. That's the definition of another Watergate. The case was already popularly known as Debategate.

The original charge was that someone stole the Carter papers and gave them to Reagan campaign aides who are now federal officials. Under the Ethics in Government Act, when such charges are made the attorney general must conduct a preliminary investigation in 90 days. If he finds the charges are groundless, he reports this to a special court and drops the whole thing. If he finds there is any substantiation, he asks the court to appoint a special prosecutor or independent counsel to avoid suspicion of favoritism or cronyism — or coverup.

Despite the fact the director of the CIA and the chief of the White House staff contradicted each

other in the preliminary investigation, and despite the fact there was what the attorney general politely called "professed lack of memory" by many officials, and despite the fact Mr. Smith asked for a special prosecutor to probe the activities (including Debategate) of the White House aide chosen to succeed him as attorney general — despite all that, Mr. Smith saw no need for a special prosecutor in the campaign papers case.

That was wrong. Our belief is that this is not another Watergate but is another special-proseuctor case. The only way to allay public fears and to find the truth in this case is to employ the standard investigatory tools of subpoena, grand jury examination, immunity and plea bargain that are not appropriate in a preliminary investigation.

Mr. Smith says that under the Constitution and the ethics act, Judge Green exceeded his jurisdiction. That has not yet been decided, though. Even if Mr. Smith's view is upheld on appeal, there needs to be a full-scale, independent investigation of these charges. Whatever Mr. Smith thinks about the legality of the judge's order, he must know the politics of the case are such that insisting the matter is closed will only look like stonewalling—even if it isn't.

enate acts to p ecurity leaks

By:Terry Atlas Chicago Tribune

WASHINGTON-In an effort to repair a severely strained relationship with the CIA, the Senate Select Committee on Intelligence has begun a crackdown on leaks of classified in-

crackdown on leaks of classified information concerning Central America, Senate sources said Wednesday. Senators have promised to police their staffs and themselves in an effort to put a stop to a series of leaks that began when the CIA became significantly involved in the problems of Central America. Those leaks confirm CIA fears that Conleaks confirm CIA fears that Congress cannot keep a secret at a time when the lawmakers want more credibility with the CIA.

The committee, which a month ago was in an uproar about not being fully informed of U.S. covert activities—in Central America, has promised to keep a tighter rein on itself if CIA Director William Casey will be more forthcoming with details of covert activities.

THIS EFFORT to improve relations between Capitol Hill and the spy agency resembles a covert operation itself, with staff members tight-lipped about what the watchdog committee is doing to police itself and safeguard CIA secrets.

In general, though, "there is a real effort by the senators to stop leaks

effort by the senators to stop leaks by themselves and their stafts," an laide to one committee member said.

As one step in that process, Senate sources confirmed, committee Chairman Barry Goldwater [R., Ariz.] and Vice Chairman Daniel Moynihan [D., N.Y.] delivered a classified handwritten note to the Senate leadership, asking Republican leader Howard Baker [Tenn.] and Democrat Robert Byrd [W.Va.] to remind all senators that discosure of classified information of a violation of fied information is a violation of Senate rules and subject to disciplinary action.

The relationship between the CIA and intelligence committees of the House and Senate deteriorated when sources believed close to the committee leaked several major antiadministration stories about CIA activi-ties in Central America, including details of the CIA-directed mining of Nicaragua's harbors.

CASEY IS KNOWN to regard the Hill as a sieve for secrets. On occasion, the CIA has purposely varied details of its reports to the House and Senate intelligence committees to try to identify the sources of the

As part of the committee effort to reassure the CIA about committee discretion, the classified letter itself was leaked and portrayed as a re-buke to Sen. Jesse Helms [R., N.C.], { who isn't even a member of the

committee. Baker declined to discuss the letter Wednesday, but one Republican aide said his understanding was that Helms was mentioned by name only when Moynihan and Goldwater delivered the letter. And it was unclear why the letter itself, which apparently contains no classified information, was classified by the committee.

Helms last week charged on the Senate floor that the CIA had used covert measures to aid the campaign of José Napoleón Duarte, a moderate who won the runoff presidential election in El Salvador. Subsequently, the administration acknowledged that the CIA had indirectly funneled money, reportedly \$2 million, to moderate Salvadoran political parties and other groups.

SOME INTELLIGENCE Committee Democrats were described as annoyed that a conservative Republican was publicly raising such a sensitive matter at a time when they had agreed to keep their disagree-ments over controversial CIA matters behind closed doors.

And the Reagan administration was angered that Helms, who supported right-wing Salvadoran candidate Roberto d'Aubuisson, damaged the credibility of the Salvadoran election by charging "the State Department and the CIA bought the election for Duarte."

Helms Wdneday strongly denied using classified information and said Senate Democrats were trying to make him an issue in order to aid his Democratic rival in the hotly contested North Carolina Senate race, Gov. James Hunt.

A Helms aide, who spoke on condition she not be named, said the senator got his information from public sources in the U.S. and El Salvador, and she said he did not break any rules governing classified information.

"He rejects and he resents the allegation, which is absolutely false," the aide said. "He has never in his life leaked any classified information and did not in this case. Nothing he said on the Senate floor came from a classified briefing from either the Senate Intelligence Com-mittee or from the CIA or from any classified source.

Helms said he hasn't seen the letter, and it is "appalling" that the Intelligence Committee apparently is making an example of him after committee members themselves leaked so much previously

"It's clearly a political trick," his aide said, pointing to Moynihan's role in the New York Committee to Elect Jim Hunt. Moynihan has authorized use of his name on fund-raising letters for the group, a Moynihan staffer confirmed.

STAT

Will Casey ever learn?

telligence committees comes from no less a figure than Rep. Edward Bo-land (D-Mass.), chairman of the

House Intelligence Committee.
CIA Director William J. Casey informed Boland's committee last month of plans to send military equipment to El Salvador via the CLA.

The latest violation of CIA secret / Boland not only told Casey that his briefings to the House and Senate in- committee would not accept the plan, he also sent a letter to Rep. Clarence Long (D-Md.), chairman of the House Appropriations subcommittee on foreign operations outlining the details - which Long promptly announced.

Presumably, that is exactly what Boland wanted. How many more times does Casey need to be mugged?

Plan to Send U.S. Copters to Salvador via CIA Is Dropped

By DOYLE McMANUS, Times Staff Writer

WASHINGTON-The Reagan Administration planned to send military helicopters to El Salvador secretly through the CIA but dropped the idea when House Democrats objected, congressional sources said Thursday.

The sources, who refused to be quoted by name, said the Administration proposal appeared to be an attempt to increase military aid to El Salvador without going through the normal procedure of requesting a foreign aid appropriation from Congress.

The secret aid, amounting to \$20 million, was to have included 14 helicopters, some armed for combat and others outfitted for medical evacuation missions, congressional aides said.

But several powerful Democrats—including Rep. Edward P. Boland (D-Mass.), chairman of the House Intelligence Committee, and Rep. Clarence D. Long (D-Md.),

chairman of the House Appropriations subcommittee on foreign operations-protested that the plan was an improper use of the CIA's secret funding privileges, congressmen and Capitol Hill aides said.

Long charged Wednesday that the Administration already has diverted funds for "CIA arms shipments to El Salvador" and demanded explanations from the CIA and the State Department. On Thursday, CIA Director William J. Casey assured him that the plan has been dropped, an aide said.

"We got a satisfactory result," Long said. "I don't think we need anything more until they do something that we take violent objection

White House, State Department and CIA spokesmen refused to comment on the conflict, the latest in a series of Administration attempts to

ase military aid to El Salvador over Democratic

p. Jack Kemp (R-N.Y.), another member of the L described the plan as "an ongoing covert program dealing with the threat in El Salvador" but refused vulge any details.

puse aides said the plan was for the Defense irtment to declare the hardware as surplus and to it to the CIA at an artificially low price. The CIA would send the equipment to El Salvador, rbing the cost in its own budget for operations e they said.

ne controversy erupted in the midst of deliberations a House-Senate conference committee on the unistration's request for \$61.8 million in emergency tary aid for the Salvadoran army as well as \$21 ion in CIA funding for Nicaraguan rebels.

he conference committee failed Thursday to reach agreement on the requests, sending them to the of the Democratic-controlled House with no immendation that they be passed. Both houses must rove any legislation that is sent to the President to igned into law.

he Republican-controlled Senate had attached the tral American funds to a House agricultural approtions bill last month. Congressmen said they expect House to agree to at least some of the aid for El vador but to reject further funding for the Nicaran rebels.

The House has already spoken against that twice," Damie L. Whitten (D-Miss.), the chairman of the propriations Committee, said. "I don't believe it's ng to change its mind."

32 Million Sent Last Month

The Administration has said that the Salvadoran ny is in dire need of new ammunition and supplies. st month it sent \$32 million in aid on the strength of igressional promises to appropriate the money later. The \$61.8 million being considered by Congress is a luced version of an Administration request for \$93 ilion, intended to carry the Salvadorans until a new cal year begins Oct. 1.

in his speech on Central America last week, President agan asserted that some Salvadoran soldiers are on trol with only a single clip of ammunition, although S. military officers later said they did not believe that be strictly true.

Two sources said the Administration has shipped litary equipment to El Salvador through the CIA fore, as a means of moving it more quickly and eaply. But the current proposal stalled because it rived just as Congress was considering several ntroversial funding bills.

"The concept is called bailment, and it has been used 'eviously," one source said. Another said: "It's basicala device to maximize the resources you can get lative to the aid ceiling.

One congressional aide said the controversy over the roposal has prompted some Democrats to consider an iquiry into CIA activities in the Salvadoran war.

"The real issue is, are they just delivering equipment r are they running operations too?" he said. "Is this ecoming an American war?"

CBS EVENING NEWS Approved For Release82905/11928; CIA-RDP91-00901R000400030002-2

NICARAGUA/ U.S. AID RATHER: About a month ago, CIA Director William Casey warned that unless Congress came up with more money, the so-called contras, the CIA-backed guerrillas fighting against the leftists Sandinista government in Nicaragua, would run out of funds by the end of May. Tonight. correspondent Robert Schakne quotes Capitol Hill sources as saying CIA Chief Casey has now changed his story. Casey now claims the contras can keep going even without new money approved by Congress, at least through October. As for how this could be, congressional sources say the CIA has yet to account in detail for the U.S.-supplied funds the contras already had on hand, about \$24 million, and that additional supplies may have been slipped to the contras by the Pentagon or other U.S. agencies. A move that, if true, some members of Congress say may not be legal.

STAT

Secret arms bid reported

CIA was proposed to panel as conduit for El Salvador

New York Times News Service

'WASHINGTON — The Reagan administration has reportedly developed a plan to send some military equipment to El Salvador secretly through the Central Intelligence Agency.

The plan, submitted this month, was blocked by the House Committee on Intelligence, members of Congress and administration officials said.

According to the lawmakers, the committee objected on the ground that it appeared to circumvent aid limits set by Congress. The chairman, Representative Edward P. Boland (D, Mass.), reportedly was angered and told William J. Casey, the director of central intelligence, that the committee would not tolerate the shipments.

The plan came to light yesterday when Representative Clarence D. Long (D, Md., 2d), chairman of the House Appropriations subcommittee on foreign operations, announced that he had received a letter from Mr. Boland about "CIA arms shipments to El Salvador."

Lawmakers said that the amount of arms involved was not clear but that it involved heavy military equipment, including four combat helicopters.

"While we are sitting up here painstakingly debating how much military assistance to give El Salvador," Mr. Long said in an interview, "the Reagan administration is figuring out how to secretly send everything they want down there. It is outrageous. I won't stand for it"

Mr. Long, who said he was restricted on what he could say about the secret plan, said he had asked for a CIA briefing for today.

Other lawmakers and laummustration officials later provided details.

The disclosure came as House and Senate members met to try to resolve differences over regular military aid to El Salvador and to Nicaraguan rebels in a supplemental financing bill. The Senate version includes \$62 million for El Salvador and \$21 million for Nicaraguan rebels. The House version provides no aid to either party.

The military equipment the administration planned to send through the CIA would have been in addition to the regular aid approved by Congress. It also would have been in addition to \$32 million in aid Mr. Reagan authorized earlier this year under discretionary powers.

The idea of using the CIA, according to lawmakers familiar with the proposal, was developed as a way of swiftly getting military equipment to El Salvador.

According to the sources, the plan called for the Pentagon to declare some military equipment surplus and to give it to the CIA at a nominal price for forwarding to El Salvador. The monetary value as listed on government ledgers would thus have been much smaller than the actual value.

An administration official said that, because of the objections of the House committee, the proposal would be temporarily set aside.

"Congress has overreacted," he said. "Once we have a chance to educate them on this idea, we may try to submit it again."

Mr. Long said he estimated the actual value of the military equipment at more than \$20 million.

"This administration is playing all kinds of games, and I deeply resent it," Mr. Long said.

Members of the Committee on Intelligence said the panel had objected to the plan in part because, as one member put it, "it proposed an inappropriate role for the CIA."

The members said they thought the timing was especially unfortunate because the proposal was submitted just as Congress was in the midst of debate about aid to El Salvador. STAT

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CIA-EL SALVADOR BY ROBERT PARRY WASHINGTON

STAT

Congressional leaders have objected to a secret Reagan administration plan to use the CIA to ship military equipment to El Salvador, officials said today.

The plan surfaced Wednesday when Rep. Clarence D. Long, D-Md., chairman of the House Appropriations subcommittee onforeign operations, announced that he had received a letter from Rep. Edward P. Boland, D-Mass., House Intelligence Committee chairman, about "CIA arms shipments to El Salvador."

The disclosure prompted a delay in House-Senate negotiations on President Reagan's public request for \$62 million in emergency military aid for the Salvadoran army in its war against leftist guerrillas.

An aide to Long said the congressman discussed the issue with CIA Director William J. Casey today and would receive a full briefing from CIA officials before the negotiations resumed late this afternoon.

"We received notification of a CIA program that could apply directly to the level of assistance that would be supplied to El Salvador," said the aide, who spoke anonymously. "The program has not gone forward."

But the aide refused to provide details about the plan, which he said is "classified at very high levels."

A congressional source said the House Intelligence Committee objected to the plan, submitted earlier this month, because it felt that "the covert capabilities of the CIA should not be used as an end run around the normal appropriations process."

It was not clear why the administration felt it needed to use the CIA to funnel aid to the Salvadoran army when the president already exercised emergency powers last month to send \$32 million in aid to El Salvador and Congress is considering a plan to ship another \$62 million in assistance.

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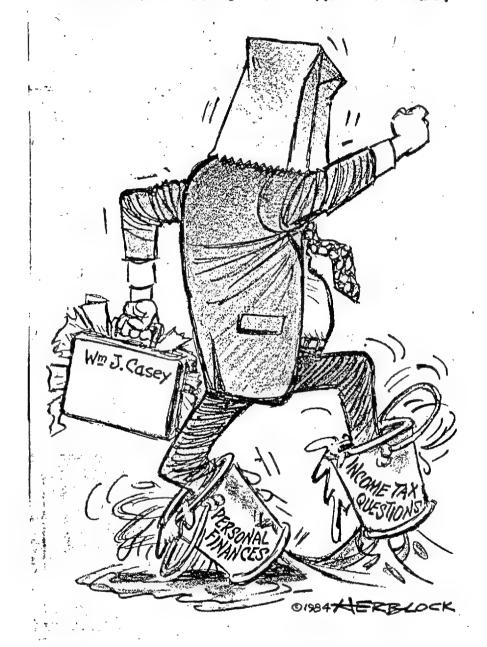
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WASHINGTON POST FILE ONLY 16 May 1984



STAT

"SOMEBODY MINED THE I.R.S. OFFICES!"



Approved For Release 2005/15/28 CIA-RDF91-00901R000400030002-2

TREASURY CHIEF POSTPONES ACTION ON CONVICT-MADE SOVIET GOODS WASHINGTON

STAT

Treasury Secretary Donald T. Regan said Wednesday that although some Soviet exports may be manufactured by forced labor, there's not enough evidence yet to invoke a law banning such goods from U.S. shores.

Instead, he will make a decision after the U.S. International Trade Commission finishes a study of the issue in November.

A Treasury Department statement said CIA Director William Casey informed Regan that the evidence is "fragmantery and not useful" in determining if any particular Soviet goods are being produced by forced labor, as charged in recent testimony before Congress.

"While this may well be true, it is apparent from the comments of Director Casey that we cannot, with currently available information, determine which products are produced in this manner and which are not," Regan said.

Regan said Casey's information led him to "postpone any determination of whether convict-made goods are being imported into the United States from the Soviet Union," in violation of a 54-year-old law against such imports.

"I do not believe that the American people want their government to act precipitously and without serious consideration and evidence in a matter of such importance to our international relations," Regan said.

The ITC study was requested by Sen. Robert Dole, R-Kan., chairman of the Senate Finance Committee. Public hearings before the ITC are to be held July 6-10 and a final report is scheduled for Nov. 12.

The Treasury Department said it would give the ITC monthly reports on all Soviet imports, but acknowledged that because of the "closed nature" of the Soviet economy, the only usable information on the question of forced labor would have come from the CIA.

Continued

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REVIEW & OUTLOOK

A Program for Duarte

Jose Napoleon Duarte, a clear democrat and a left-wing "communitarian," has officially won the presidency of El Salvador, thanks to most generous efforts on his behalf by William Casey's CIA and Ronald Reagan's State Department (aid Mr. Reagan modestly discounted at a news conference yesterday). Will the Casey-Reagan generosity be repaid with a willing ear to policy suggestions from the White House? We hope Mr. Duarte is at least thinking about it, if only for his own sake.

The new president could of course legitimately claim that he owes nothing to Messrs. Casey and Reagan. His true debt is to Tip O'Neill, who pushed the administration into supporting the Duarte campaign by threatening to cut off aid to El Salvador and turn the place over to Castro if Mr. Duarte lost. It is the current fashion in Washington for the speaker and a gaggle of subcommittee chairmen to run U.S. foreign policy, but Speaker O'Neill has no intention of taking any personal responsibility for what happens in El Salvador. Indeed, El Salvador's economic mess was brought about in part by Mr. Duarte's too-ready embrace in the past of the policy prescriptions of the American left. Mr. Duarte will need all the possible help he can get.

If Mr. Duarte asks for advice and seems willing to take it in return for the financial support he is going to be receiving, what should Mr. Reagan tell him? Continue to try to subdue the guerrilla insurgency that would abolish all democracy, of course. And, yes, move against "death squads" on the right. But also, to win allegiance to a fragile democratic framework, find some way to start mending fences with backers of Roberto d'Aubuisson, who received over 46% of the presidential vote. If Mr. Duarte plans

to govern successfully, he had better find out why Mr. d'Aubuisson attracted such a large vote in spite of U.S. opposition. He will find the reason partly in Mr. d'Aubuisson's espousal of market economics, also of course backed by voters who originally supported Francisco Guerrero but came down for Mr. Duarte in the runoff election. If Mr. Duarte can move toward the center, he has a chance at something approximating a loyal opposition.

The quickest way to restore the confidence of business and the middle class would be to begin reprivatizing the economy, starting with banks and export industries. Without a better business climate, El Salvador will slide deeper into economic chaos.

The Salvadoran land reform is a more complicated issue. Presumably it was meant to achieve a large landowning population with a stake in preserving democracy and private ownership. But it hasn't delivered anything approximating private owner-The largest farms were ship. converted into 317 cooperatives with 31.000 members, but there so far is nothing to suggest that members own anything. The co-ops are "co-managed" by government bureaucrats, mostly unqualified for the task. They are incurring appalling losses. Since they owe restitution to the former owners of the land, what the members really have acquired are very large "communitarian" debts.

The "land-to-the-tillers" part of the land reform is little better off. Tenant farmers are entitled to "own" about 17 acres of land, and the government has been handing out "titles." But here too, true "ownership" is a myth. They are not entitled to sell for at least 30 years. And even their limited title is not a clear title until the former owners are compensated. Since the government is strapped for the means to compensate former owners, the program has created enormous ill

will. What civil violence is not generated by communist guerrillas often is the work of uncompensated landowners, many of whom are not rich. This is called "right-wing" violence.

We have no idea whether Mr. Duarte is ready to listen to advice. But after all Mr. Reagan and Mr. Casey have done for the new president, we see little reason for them to be bashful. Backing away from some of the more extreme socialist measures and modifying the land reform—by recognizing that if the campesinos can't sell something they don't own it-would be moderate steps. It is in the interest of both Mr. Duarte and the United States that he succeed in consolidating democracy and ending the insurgency. Doing this will require more workable economic policies than those Mr. Duarte and the U.S. gave El Salvador in their last collaboration.

U.S. JUDGE ORDERS A SPECIAL INQUIRY INTO '80 CAMPAIGN

ATTORNEY GENERAL BALKS

Possible Role of Reagan Aides in Transfer of Carter Data Would Be Investigated

By STUART TAYLOR Jr.

Special to The New York Times

WASHINGTON, May 14—A Foderal district judge ordered Attorney General William French Smith today to seek an independent counsel to investigate possible crimes by top officials in the transfer of documents to the 1980 Presidential campaign of Ronald Reagan from the Carter White House.

In issuing the order, Judge Harold H. Greene noted that it was the first time any judge had ordered appointment of an independent counsel, or special prosecutor, over the objection of an attorney general. The Justice Department said it would appeal and seek a stay of the ruling.

Judge Greene rejected Mr. Smith's argument that no judge had legal authority to review the Justice Department's conclusion that there was "no credible evidence that the transfer violated any criminal law."

'Parallels' to Watergate

Calling Mr. Smith's handling of the matter "arbitrary and unlawful" and stressing what he called Watergate "parallels," the judge ordered the Attorney General to apply within seven days to a special three-judge panel to name an independent counsel.

Judge Greene cited admissions last summer by James A. Baker 3d, President Reagan's chief of staff, David A. Stockman, his budget director, and others that they had received what Mr. Stockman once called "filched" papers briefing President Carter for a debate against Mr. Reagan that was held in October 1980.

Judge Denies Immediate Stay

The judge also stressed statements by William J. Casey, Director of Central Intelligence, contradicting Mr. Baker's recollection that Mr. Casey had given him the briefing papers.

"The Justice Department's reaction can best be described by the action we are taking," said Thomas P. DeCair, the department's chief spokesman. "We will seek an immediate stay, and the Solicitor General has today authorized an appeal of the judge's decision."

Judge Greene refused to stay his ruling pending appeal. He cited the need to avoid "a lengthy period of festering, accompanied by speculation and suspicion which, just as in Watergate, would tend to magnify rather than to abate the problem."

The department had told Judge Greene that he would violate the separation of powers doctrine of the Constitution if he ordered the Attorney General to apply for an independent counsel when the Justice Department had already rejected such an application. The Justice Department acted Feb. 23 after an eight-month inquiry. The judge rejected this as a "crabbed interpretation of the Constitution."

Representative Donald J. Albosta, chairman of a House subcommittee preparing a report of its own investigation into the issue, applauded the ruling

ing.
"The draft report on the subcommitiee's own investigation recommends the same action," said Mr. Albosta, a Michigan Democrat.

In another case in March, Mr. Smith applied for appointment of an independent counsel to investigate whether Edwin Meese 3d, the Presidential counselor, had committed any Federal crimes in his financial dealings, in the transfer of the Carter campaign materials and in other matters.

Mr. Meese, Mr. Reagan and leaders of the Senate Judiciary Committee had urged Mr. Smith to seek an independent counsel in that case to clear up allegations clouding Mr. Meese's nomination to succeed Mr. Smith as Attorney General. The special panel, bound by the Ethics Act to grant such an application, chose Jacob A. Stein, a Washington lawyer. He is still investigating.

Options for Special Panel

Today's ruling came in a civil suit filed by John F. Banzhaf 3d, a law professor at George Washington University, and Peter Meyers, a criminal law specialist, to compel appointment of an independent counsel.

Judge Greene said the three-judge panel could broaden the mandate of Mr. Stein to include the involvement of other officials as well as of Mr. Meese in the 1990 campaign matter, or could choose someone else to conduct a separate investigation.

Judge Greene's 31-page opinion said the case before him "bears an uncanny resemblance to Watergate" in several respects, since both involved the possibility of illegal gathering of intelligence by a Presidential campaign.

In rejecting Attorney General Smith's position that only he could decide whether an independent counsel should be appointed under the Ethics in Government Act of 1978, Judge Greene noted that the act was "a direct outgrowth of the Watergate scandals" and of "the failure of the then-Attorney General to prosecute those responsible for the 'cover-up' of the initial burglary."

"It is very clear," the judge said, "that Congress did not intend to create an elaborate independent counsel machinery — which makes sense only in the context of a distrust of the Attorney General with respect to the prosecution of alleged wrongdoing of his official and political colleagues — only to establish the Attorney General as the 'gatekeeper' of that machinery, able, without the slightest review by anyone, to open the gate or slam it shut as it may suit his purpose."

The 1978 law itself states the duties of the Attorney General in mandatory terms, but does not specify whether he can be sued for violating them.

Judge Greene said he did not necessarily mean to suggest "that this case is another Watergate." He said it was possible that "the alleged intelligence operation may not have been centrally organized or directed from a high level" and that "no one may have committed any offense."

Judge orders new probe on Carter data

WASHINGTON [UPI]—A federal judge Monday ordered the government to seek appointment of a special prosecutor to investigate possible crimes involved in the transfer of 1980 Carter campaign

documents to Ronald Reagan's camp.

U.S. District Judge Harold Greene, rejecting arguments from the Justice Department, told Atty. Gen. William French Smith he had seven days to apply to a special court for the appointment of a special investigator to review whether any high-level government official had violated criminal law criminal law.

criminal law.

The ruling came three months after the Justice. Department officially closed its books on the case without bringing any charges. At the time, the government said there was insufficient evidence to trigger the special prosecutor's law.

Greene issued his ruling in a private lawsuit brought by George Washington University law professor John Banzhaf.

Earlier this year Greene refused to dismiss the

Earlier this year, Greene refused to dismiss the complaint, saying it appeared the Justice Department "ignored" the requirements of the 1974 Ethics in Government Act, passed as a reaction to the Watergate scandal.

THERE HAVE BEEN allegations that top members of President Reagan's 1980 campaign operation had access to documents from Jimmy carter's re-election effort, including the briefing book Carter used to prepare for the televised debate at the climax of the campaign.

Top Reagan administration figures, notably White House chief of staff James Baker and CIA Director William Casey, have given sometimes conflicting accounts of their knowledge of the

Insterial is likely the Justice Department will appeal Greene's ruling. The government is currently contesting two runtelated rulings requiring two runtelated rulings requiring the attorney general to open a preliminary inquiry under the special prosecutor's law to investigate allegations fagainst high-level officials.

Banzhaf said he was delighted by the ruling but "not surprised," and said it means "we may finally get to the bettom of 'Debategate' and we

the bottom of 'Debategate' and we may do it before the elections."

NOTING. THE FBI investigation stalled because of conflicts in the memories of senior presidential aides, who served as Reagan campaign officials, Banzhaf said a special prosecutor would be able to use other investigative tools, such as granting immunity or calling witnesses before a grand jury.

In his ruling, Greene said that Congress, in setting up the ethics system calling for appointment of an "independent counsel" to investigate allegations of high-level wrongdoing, did not intend for the attorney general to be "the gatekeeper of that machinery, able without the slightest review by anyone, to open the gate review by anyone, to open the gate or to slam it shut as may suit his purpose."

Greene said he rejects the Justice Department's argument that no one had the legal standing to seek a judicial review of the attorney general's refusal to comply with the ethics act.

The Justice Department had no immediate comment, spokesman

Brad Marman said.

Congress

Of C.I.A. Games and Disputed Rules

STAT

By MARTIN TOLCHIN

Special to The New York Time

WASHINGTON, May 13 - They are keepers of secrets on Capitol Hill, the members of the House and Senate intelligence committees, and they are becoming increasingly perturbed. The Central Intelligence Agency is playing games with them, they say, sometimes deliberately misleading them and preventing them from fulfilling their responsibilities.

The furor last week over the agency's failure to inform the House intelligence committee of covert assistance provided in the El Salvador elections was merely the latest in a number of incidents that dramatize the frayed relationship between the agency and the Congress. Only last month the Senate committee raised a similar furor over not being informed about the C.I.A. role in the mining of Nicaraguan harbors.

These instances also serve to underscore the difficulties inherent in Congressional oversight of intelligence operations. How does one properly oversee activities that cannot be publicly disclosed in either condemnation or praise? What can be accomplished when the committees are merely informed of intelligence activities but not required to approve them?

The Power of the Purse Strings

In most other cases, Congress can use its power of the purse strings to block actions that it disapproves of. But the intelligence budget is not only murky; it is concealed in other budgets. Congressional power is also limited by the fact that members of Congress rotate on and off the intelligence committees, so that the intelli-gence community knows that it can outwait its severest critics.

"People think we have the power and responsibility, but we don't,' said Representative Wyche Fowler Jr., a Georgia Democrat who is on the House intelligence committee.

Unable to use the scalpel to remove offending programs, the committees have to resort to the ax. The House committee, for example, has repeatedly voted to cut off all funds for covert aid to the Nicaraguan insurgents, and the House itself has supported this position.

Representative Norman Y. Mineta, a California Democrat, says he believes that the assumption that Congress is informed of intelligence operations and supervises the agency time, the agency told the Senate comprovides a convenient cover for the

"We get hung out to dry," he said. "We become the buffer for the C.I.A.

us, but we can't tell anybody, and they hide behind our skirts."

By statute, the Central Intelligence Agency is directed to keep the Senate and House intelligence committees "fully and currently informed" of intelligence activites. But the committees need not approve the agency's actions

Intelligence committee members are charged with, among other things, the responsibility to convey relevant information to their colleagues in the House and Senate, in secret session if necessary. "The assumption is that we will know about these things, and we will make sure that you aren't misled," said Senator Daniel Patrick Moynihan, Democrat of New York. Mr. Moynihan recently resigned as chairman of the Senate intelligence committee to protest the C.I.A.'s failure to provide information on of the mining of the Nicaraguan harbors, but his colleagues persuaded him to retain the post.

Many say it all comes down to the relationship between the Director of Central Intelligence and the committees. They say that there was general respect between the committees and such previous Directors as William J. Colby and Stansfield Turner but that William J. Casey, the current Direc-

tor, does not enjoy that relationship.
"We've dug, probed, cajoled, kicked and harassed to get facts from the C.I.A.," Mr. Mineta said, "but Casey wouldn't tell you that your coat was on fire unless you asked him."

Some Say Games Are Played

One committee member said that when feelings against Mr. Casey ran high two years ago, the White House sent word that Congressional pres-sure might well be sufficient to lead Mr. Casey to resign, but that it would not be sufficient to force the President to appoint the man most committee members wanted in the job: Adm. Bobby R. Inman, who was widely respected as Deputy Director of Intelligence.

From the agency's viewpoint, Congress is a large sieve, institutionally incapable of keeping secrets. Some committee members say the agency plays games with both committees, telling the Senate side one significant detail and the House side another and waiting to see which one leaks.

In a recent example, the agency told the House committee that the mines used in Nicaragua's harbors were the type set off by heat, a committeee member said. At the same

mittee that the mines were electronic. As it turned out, neither version leaked, but a committee member who asked to remain anonymous said the agency "was conducting a campaign of disinformation against the Con-

Initially, the agency had briefed only the House committee on the mining, and it had briefed only the Senate committee on its role on behalf of José Napoleón Duarte's campaign to win the El Salvador Presidency.

Embarrassment in the Senate

House committee members were indignant that they had not been told of the agency's efforts directed against Mr. Duarte's opponent, Roberto d'Aubuisson, or of its channeling of money and polling data to Mr. Duarte.

For their part, Senate committee members were embarrassed to discover that, although they were ignorant of the mining, their House counterparts had been informed. Indeed, the House committee, whose sevenmember staff is far smaller than the Senate committee's, had been gathering information on the mining almost since it was approved by President Reagan early this year.

The senators' plight was attributed by some to the fact that in the Senate, the 100 members get too much responsibility and are spread too thin, while the 435 members of the House have fewer assignments and therefore develop expertise in their areas. Some say they believe that the House members aggressively ferret out intelligence materials, while the Senate committee sometimes creates the impression that it would just as soon not know all that was going on.

Unlike the Senate committee's 40member staff, the House committee operates as a unit and information is shared among all staff aides and members. Senate Republicans had insisted on this division of authority when the panel was created for fear that the Democrats would squirrel away information, but that has happened under the new system as well. At least one Democratic Senator said he had been briefed on the mining.

The House and Senate intelligence committees were created in 1976 to supplant ad hoc arrangements whereby Congressional leaders from both parties were privately briefed on intelligence activities, "I would meet with the C.I.A. every Wednesday at 7

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to do whatever they want. They tell Approved For Release 2005/11/28 : CIA-RDP91-00901R000400030002-2

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ON PAGE A-2

WASHINGTON POST 14 May 1984

Hang the Polls, Conviction Is What Counts on Latin Policy

President Reagan's nationally televised pledge to stand up to "communist aggression and subversion" in Central America was more than a successful appeal to mobilize public opinion on behalf of key congressional votes.

Beyond the immediate tactical objective, the president's speech was the opening salvo in a fall campaign more likely to deal with foreign policy than his political strategists would prefer. Reagan's inclinations have combined with the pressure of events to make U.S. policy in Central America a major campaign issue.

On the surface, this does not bode well for the president. Public opinion surveys, including those taken for the White House, continue to show skepticism about the objectives, methods and management of the widening war in Central America. Reagan's statement that the "small, violent right wing" in El Salvador is "not part of the government" is demonstrably untrue. Even Richard M. Nixon, who supports administration goals in Central America, refers to the CIA brainstorm of mining Nicaraguan harbors as "Mickey Mouse."

In the high councils of the administration, no issue has been more intensely debated, save possibly the gnawing concern about rising interest rates. There are no doves on Central America in the administration, but there are differing views on the touchy issues of the open "secret war" in Nicaragua and death squads in El Salvador.

Much of the internal debate centers on the role and personality of William J. Casey, the controversial CIA director who remains an object of suspicion among the relatively moderate voices in the administration.

Maneuverings in the White House on Central America have opened useful windows to Reagan's thinking and the workings of his administration. They challenge fashionable ideas about the Reagan presidency, including some put forward by this reporter.

Lou Cannon

REAGAN&CO.

Most of all, the president's policy tells us that the conservative slogan, "Let Reagan Be Reagan," is irrelevant. The truth is that there is no way to stop Reagan from being Reagan, even if one wanted to do so.

On the same day that Reagan spoke last week, Nixon gave a masterful luncheon

speech before the American Society of Newspaper Editors in which he painted a sophisticated picture of the global challenge. He said some countries need revolutions, and added, in a memorable observation, "The communists at least talk about the problems, and for too long, we have just talked about the communists."

Reagan's speech contained 23 references to "communists" or "communism," all hostile. To Reagan, who once seemed frozen with Nixon in the time frame of the 1950s, communism and the world's problems are synonymous. Although Reagan's proposals, embodied in the Kissinger commission's recommendations, contain more economic than military aid, the president sees menace in issues addressed by the economic aid only when they have been exploited by communists.

Reagan is often accused of being de-

tached from administration decisions. I have referred to his presidency as "delegated" and "disengaged." But Reagan, far more than many presidents, has determined his administration's hemispheric agenda. "Will we stop the spread of communism in this hemisphere or not?" he asked. Reagan intends to stop it, regardless of the polls.

By all accounts from inside the administration, the decision to move ahead in Central America is Reagan's. He accepts the counsel of Casey, who has proved an effective in-house advocate, that Nicaragua is "a double Cuba." What Reagan has

learned from his public-opinion surveys is not his policy but the way to make it more palatable. He therefore ignores the Salvadoran death squads, which most Americans abhor, and ducks the issue of the Nicaraguan covert war, which makes many Americans uneasy.

What Reagan will stress in the months ahead is his fundamental belief that Central America is communism's passageway to Mexico and ultimately the United States. He strikes a sensitive nerve when he links this vision to a flood of prospective refugees and illegal immigration.

"Reagan is beginning to gain ground on the proposition that Central America is different from Vietnam and Lebanon," said an adviser who would prefer to see him talk about economic recovery. "He has a long way to go, but he's made real progress with the argument. The proximity of Central America helps. So does the American distaste for Fidel Castro and the concern about another Cuba."

One had the feeling, listening to Nixon and Reagan on the same topics, that the former president knows considerably more about communists and the reasons for revolution. But Reagan's convictions have a more persuasive resonance with voters than does any sophisticated analysis. My guess is that those convictions will carry the day.

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1980 BRIEFING BOOK RATHER: Three months after a Justice Department investigation turned up no culprits and turned up, quote, 'no credible evidence of a crime,' a federal judge in Washington today said, in effect, that's not good enough, and the judge offered Attorney General William French Smith to appoint a special prosecutor to reopen the investigation of how some of Jimmy Carter's secret White House and 1980 campaign papers somehow got into the hands of people in the 1980 Reagan campaign. Rejecting the Justice Department's arguments, Judge Harold *Greene ruled that the ethics in government law left no choice but to name a special prosecutor, and said the judge, 'If criminal offenses were committed, the public interest demands that this, too, be determined now rather than after a lengthy period of festering.' The Justice Department will appeal that ruling.

1980 BRIEFING BOOK LEHRER: And speaking of recounts, we return now to the decision today by a federal judge on the Carter briefing papers case. The judge ordered Attorney William French Smith to appoint a special, special prosecutor to pursue the case. Judge Harold Green rejected Justice Department claims there was no credible evidence a crime had been committed and that no special prosecutor was warranted. Various Reagan administration officials linked to the briefing paper episode would probably also like a recount, but the only voter today was Judge Green. As promised earlier, Judy Woodruff and Nina Totenberg are here with more. Judy?

WOODRUFF: Jim, the ruling comes three months after the Reagan Justice Department said that its own investigation of the so-called debate-gate affair didn't come up with sufficient evidence to appoint an outside prosecutor. Judge Green rejected that argument and ordered Smith to apply for, to a federal court for a special prosecutor within seven days. Some of the documents in question include material that had been prepared for Mr. Carter for his debate during the campaign with Mr. Reagan. Top Reagan officials, including White House Chief of Staff James Baker and CIA Director William Casey, have been linked to the papers in one way or another. The Justice Department had no comment on the case today, but *John Bonjoff, who is a George Washington University law professor, who brought the suit that led to today's ruling, said that he expected the department would immediately file an appeal. Here to talk about the ruling and its future implications is Nina Totenberg, correspondent for National Public Radio, who covers the Justice Department. First of all, Nina, what exactly does this ruling say? NINA\TOTENBERG (National Public Radio): Well, what the judge has done has been to say to the attorney general, 'Within seven days, you go over to that special court which appoints special prosecutors, and you request the appointment of a special prosecutor.' That's what he did, and he refused to stay his order. The Justice Department asked for a postponement. He wouldn't postpone it.

WOODRUFF: But isn't the Justice Department supposed to be in the business of deciding, ah, who and, and if there will be special prosecutors? TOTENBERG: No.

WOODRUFF: What is a federal judge doing telling the Justice Department what to do? TOTENBERG: Under the Ethics in Government Act, which is the act that I seem to be here discussing every time I come on this program, the Ethics in Government Act, passed in the wake of Watergate,

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says that if there is a, a charge, an accusation, an allegation involving any one of a large number of high administration officials, the Justice Department must complete a 90-day preliminary inquiry. And after that point, it must decide whether to request a special prosecutor or not. Now the criteria for requesting of a special prosecutor are that if there's any credible evidence at all that can be pursued, the special prosecutor should be requested. Now the attorney general didn't follow that act at all. He took eight months to investigate. He never made any report at all to the special court saying, 'We are or we are not requesting a special prosecutor.' He simply issued a three-page report saying, 'The case is closed. There are not, there are no grounds for criminal prosecution. Goodbye.'

WOODRUFF: Why, does it, what's the explanation for that? Why didn't they recommend the prosecutor? TOTENBERG: They said that they had done an adequate investigation, that they'd interviewed 220 people, gone over thousands of documents, and although they couldn't say how the briefing-gate (sic) material, how the briefing material got from the Rea... the Carter campaign to the Reagan campaign and they didn't know who did it, they, there still was no evidence of a crime.

WOODRUFF: So the judge is saying, 'By golly, there was enough evidence there and you should've appointed a special prosecutor.' TOTENBERG: Well, these, these, these lawyers, these two lawyers--Professor Bonjoff is one of them--went to court, took the Justice Department to court, and the judge heard the case and he said, 'There is evidence to pursue, and you did not submit, submit a report to the special three-judge court and you did not complete a 90-day investigation, and now you hafta request the appointment of a special prosecutor.'

WOODRUFF: All right. What happens now? Does Justice have to appoint the special prosecutor? TOTENBERG:
Justice probably will appeal. It will probably ask for a stay from a higher court. It has a fairly heavy burden to meet. It must first show that there will be irreparable harm to it if it doesn't get the stay. It must show that it will probably succeed, it has a substantial chance of succeeding on the merits. Uh, one wonders whether they could really prevail under that criteria and, therefore, I think it's questionable whether they'll get a stay. Assuming they didn't get a stay, they will have to, within seven days, request from that three-judge court which appointed a special prosecutor in the Meese case, uh, they will have to say, uh, 'Please appoint a special prosecutor to investigate the 'debategate' charges.

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WOODRUFF: So now, what time frame are we talking about? I mean, assuming they appeal and they go to the limit on this and, and nothing is decided? TOTENBERG: If they don't get a stay, they've only got seven days. If they get a stay, who knows?

WOODRUFF: It could go on for... TOTENBERG: It could go on for a long time.

WOODRUFF: What is the connection between all of this and the special prosecutor who is, who is investigating Edwin Meese, the, uh, attorney general-designate? TOTENBERG: Well, the special prosecutor investigating Edwin Meese, a, a segment of that investigation is the 'debategate' question and whether Meese testified, uh, truthfully when he said that he knew nothing about those documents and how those docu... whether he had any relationship at all to the, the transferal of those documents from the Carter campaign to the Reagan campaign, and what his knowledge of it was. Now, presumably, the, uh, the special prosecutor in the Meese case could have his jurisdiction simply expanded to encompass the entire 'debategate' issue. Or perhaps, they'd wanna take that part away from him and give it to a new special prosecutor. There are a whole bunch of variables that we could see. But certainly, if there is another special prosecutor, I think we can presume there'll be some political ramifications.

WOODRUFF: And what about, what are the political rami... I mean, we're talking about some very high-ranking people, uh, in the Reagan administration. TOTENBERG: We're talking about very high-ranking people. We're talking about an election year, six months or so to an election. And we're talking about all of this at a time when the Democrats are trying to raise the sleaze factor, as they like to call it, to the, to the high-water mark of being a big issue in the campaign, something they've been only moderately successful, perhaps even less than moderately successful, in doing, so far.

WOODRUFF: All right. One of, one of the issues that came up back when, last summer when all this, this first came, arose, was this contradiction between Jim Baker, the White House chief of staff, who said that he was given papers from, from, uh, Bill Casey, the CIA director. Casey, in turn, said that he had never seen any papers and he'd certainly never given them to Mr. Baker. Has that contradiction been worked out? TOTENBERG: No. In fact, the FBI, when it investigated this whole business for the Justice Department, the three-page Justice Department, uh,

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report said that because of the, quote, 'professed lack of memory,' unquote, of key administration officials, they could not resolve these kinds of conflicts. Well, I suspect that Judge, that was one of the things that was persuasive to Judge Green, that he's not too pleased with a professed lack of memory.

WOODRUFF: What do you really think the, the potential political damage is in this, for, for the president? TOTENBERG: I still think none of it touches him. As difficult as that may be for Democrats to believe, he has proven so far that he is, as Pat Schroeder puts it, Congressman, Congresswoman Pat Schroeder, something of a teflon candidate, meaning nothing sticks to him. And historically, we see that unless you can somehow tag this to the president himself, it doesn't rise to the kind of campaign issue that works in an election.

WOODRUFF: But that may not be the case for some of his, uh, high lieutenants, right? <u>TOTENBERG</u>: No. But whether it will work against Reagan himself is something else, and he's the one that's gonna be elected or unelected by the American people.

14 May 1984

STAT

IRS said to seek taxes from Casey

Associated Print

WASHINGTON — CIA Director William J. Casey is fighting an Internal Revenue Service claim that he owes at least \$100,000 in taxes for deductions that auditors disallowed, the Washington Post reported yesterday.

Records of cases pending in U.S. Tax Court indicate that the IRS disallowed deductions Casey and his wife, Sophia, took for their share of losses in two limited partnerships in which they invested in the 1970s.

in one case, Casey invested \$95 in 1976 for a 1 percent share in Pen-Verter Partners, which developed an electronic pen to transfer handwritten data to a computer. The IRS disallowed deductions of nearly \$60,000 that he claimed from 1977 to 1980 as his share of the partnership's losses.

Records in Tax Court show the IRS disallowed \$6 million that the Pen-Verter Partners declared as losses from 1977 to 1980. During that period, Casey was entitled to 1 percent of the profits and losses, records show.

Another deduction was disallowed after auditors challenged the market value Casey had set for a patent right in which he held an interest.

The precise total in dispute could not be determined, the Post said, but court records of cases involving Casey's partners who are challenging the IRS indicate the amounts he invested and his share of tax write-offs.

"My tax returns are confidential documents," he told the Post, "and I'm not going to talk about them." He did not dispute the paper's calculations from the court records. "If we have to pay more taxes, we will."

The write-offs were made before Casey became CIA director. The IRS does not accuse Casey of his partners of wrongdoing. The dispute is the subject of civil suits in Tax Court.

STAT

CIA chief may owe tax of \$100,000

From Chicago Tribune wires

WASHINGTON—CIA Director William Casey may be liable for at least \$100,000 in back taxes, plus interest, for deductions challenged by the Internal Revenue Service in two partnership ventures, it was reported

Sunday.

The deductions at issue, taken before Casey became Central Intelligence Agency director, include one in which he invested \$95 for a 1 percent share in a new firm in 1976 and then took writeoffs of about \$60,000 for the firm's losses from 1977 to 1980, the Washington Post

The Post cited records in U.S. Tax Court filed by some of Casey's partners in the ventures in figuring the CIA chief's potential liability. It said that in an interview that Casey did not dispute the calculations but that he refused to disclose the specific

"MY TAX returns are confidential

"MY TAX returns are confidential documents, and I'm not going to talk about them," the newspaper quoted Casey, 71, as saying. He also said that if he and his wife, Sophia, "have to pay more taxes, we will."

The IRS does not accuse Casey or his partners of any wrongdoing.

In addition to Casey's \$95 investment in a firm—PenVerter Partners—seeking to develop a way to transfer handwritten data directly to a computer, the IRS is disputing losses claimed on an investment made by Mrs. Casey in a waste recycling venture that began in 1974. recycling venture that began in 1974.

The Post said Mrs. Casey's investment by 1978 was \$40,000 in cash and

#40,000 in notes, accounting for 20 percent of the firm's capital.

The IRS case before the Tax Court covers nearly \$800,000 in losses claimed by the firm, of which the Caseys apparently deducted between \$115,000 and \$150,000 on their joint tax returns the Poet said tax returns, the Post said.

NEW YORK POST 14 May 1984

FILE ONLY

CIA boss may owe IRS 100G in back taxes

WASHINGTON (UPI) — Millionaire CIA Director William Casey may be liable for at least \$100,000 in back taxes, plus interest, for deductions challenged by the Internal Revenue Service in two partnership ventures, it was reported yesterday.

The deductions at issue, taken before Casey became U.S. spy chief, include one in which he invested \$95 for a 1 percent share in a new firm in 1976, then took write-offs of about \$60,000 for the firm's losses from 1977 to 1980, The Washington Post said.

The Post cited records in U.S. Tax Court filed by some of Casey's partners in the ventures in figuring the CIA chief's potential liability. It said Casey, in an interview, did not dispute the calculations, but refused to disclose the specific figures.

My tax returns are confidential documents and I'm not going to talk about them," the newspaper quoted Casey, 71, as saying. He also said that if he and his wife, Sophia, "have to pay

more taxes, we will."
In addition to Casey's \$95 investment in a firm — PenVerter Partners — seeking to develop a way to transfer handwritten data directly to a computer, the IR8 is disputing losses claimed on an investment made by Mrs. Casey in a waste recycling venture that began in 1974.

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the firm, of which the
Caseys apparently deducted between
\$115,000 and \$150,000 on
their joint tax returns,
the Post said.

Casey, who made his fortune as a Wall Street tax lawyer, frequently has been a focus of controversy for his financial dealings. A Senate Intelligence Committee investigation of Casey's personal finances concluded late in 1981 that he was "not unfit to serve" as CIA director.

14 May 1984

PERISCOPE

The Battle for Senate Majority Leader

In the latest round of infighting to replace retiring Sen. Howard Baker as Senate majority leader, Indiana's Richard Lugar has scored a major point. Lugar, who is a member of the Senate intelligence committee, worked with his Republican colleagues—and with Texas Democrat Lloyd Bentsen—behind the scenes to orchestrate the recent cease-fire between the Senate and CIA Director William Casey. In shepherding that agreement, says one top Senate GOP staffer, "many Republicans around here are saying that Lugar showed he had the ability to work out a tough issue."

Lugar's chief opponent for the majority-leader slot, assuming the Senate remains in GOP control, is Senate finance committee chairman Bob Dole, who has been successfully raising money for GOP Senate incumbents and challengers. But Lugar, who is also chairman of the National Republican Senatorial Committee, has assured candidates that his committee will give the legal limit allowed under law. With Dole and Lugar hotly courting GOPers, other contenders may have a tough time gaining support.

Soviet Bomber Bases in Afghanistan?

Western intelligence sources are closely monitoring the Soviet Union's new spring offensive in the Panjshir Valley of Afghanistan. The chief concern is that the unprecedented use of Soviet-based high-flying bombers against the guerrillas may be followed by the opening of permanent Soviet airbases inside Afghanistan itself. Such bases would put Soviet planes within much closer striking distance to vital Western shipping and naval operations in the Persian Gulf and Indian Ocean.

■ One of the weapons used by the Afghan guerrillas against the Russian-backed Army is the shoulder-fired Soviet SA-7 antiair-craft missile. The guerrillas can't depend on the SA-7, U.S. defense officials say, and its firing mechanism and homing device run on a unique battery that has a "short shelf life" and is made only by the Soviets. The rebels are asking for American Redeye or Stinger missiles—but U.S. policymakers want to avoid openly bringing American weapons into that war.

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ABC WORLD NEWS TONIGHT 13 May 1984 FILE ONLY -DC/

APO9 TAXES/WILLIAM CASEY

DONALDSON: On the down side of the financial news, millionaire CIA Director William Casey may be liable for at least \$100,000 in back taxes for deductions challenged by the IRS, according to The Washington Post. The deductions taken before Casey became CIA director includes (sic) one in which he invested \$95 for a one percent share in a new firm, then took tax write-offs of about \$60,000 for the firm's loses. The newspaper quotes Casey as saying if he has to pay more taxes he will.

PRICLE APPEARED ON PAGE H-3

WASHINGTON POST 13 May 1984

FILE ONLY

CIA Director Disputes IRS Claim to \$100,000 in Back Taxes

By Charles R. Babcock Washington Post Staff Writer

CIA Director William J. Casey is disputing an Internal Revenue Service claim that he owes at least \$100,000 in back taxes, plus interest, for deductions he took on two 1970s partnership ventures.

The precise amount in dispute cannot be determined from public records. However, some of Casey's partners are challenging the IRS in the U.S. Tax Court, and records in those cases list his investment and share of the write-offs.

In an interview last week, Casey did not dispute calculations made from the court records, but he refused to disclose the specific figures.

"My tax returns are confidential documents and I'm not going to talk about them," he said. He also said, in reference to the joint returns he and his wife Sophia file: "If we have to pay more taxes, we will."

In one case, the records show that Casey invested \$95 for a 1 percent share in Pen-Verter Partners, a group formed in late 1976 to develop a pen that transfers data directly to a computer from hand-printed writing. From 1977 to 1980 Casey took tax deductions of about \$60,000, a write-off 600 times his initial cash investment, according to the records. The IRS has disallowed the deductions.

The IRS also has disallowed from \$115,000 to \$150,000 in deductions that Casey and his wife took over the same period for her investment in a waste-recycling venture in Rhode Island. In each case, the Caseys were limited partners who made investments, but had no role in the operation of the ventures.

In another case, the IRS claims that a \$5 million price tag Casey set on patent rights for an automobile engine "unreasonably exceeded" the fair market value. Casey owns a 30 percent interest in the engine patent, according to records, and paid \$10,400 for his share a few months before he negotiated the \$5 million sale price in 1976. Casey was not a member of the partnership that claimed IRS-disputed deductions in this case. He would benefit only if the partners-who acquired the patent rights through notes-paid off the \$5 million to Caspreved wood Release 200561did 200 wild AHR DE 100901R000 4000 30002 per device. In their work, the patent owners.

All the activities being challenged by the IRS took place before Casey assumed his sensitive role as head of the CIA. The IRS has made no charge of wrongdoing by Casey or the other partners in the ventures, and the matters are in civil Tax Court.

The IRS last year recovered 35 percent of the taxes being contested in Tax Court. There are now nearly 20,000 tax-shelter cases in Tax Court and more than 350,000 undergoing IRS audit, according to IRS spokesmen.

Casey, 71, is a millionaire former tax lawyer and publisher of tax manuals and books, including the 1952 "Tax Sheltered Investments," who has made a practice of investing in high-risk ventures. A dispute with the IRS, which might lead to payment of between \$100,000 and \$200,000 in back taxes and interest, is not unusual for a wealthy man who has a reputation for many decades of aggressive, and at times adventurous, investing.

Casey's personal investments have been an issue ever since he was nominated by President Richard M. Nixon to be chairman of the Securities and Exchange Commission in 1971. At that time he told the Senate Banking Committee that he had made 17 venture-capital investments in small corporations and had been sued for his activities in three of them.

If he limited his holdings to larger corporations he might have avoided litigation and made more money, he said. "But I would not have had the interest, satisfaction or experience that comes from investment and active participation in new enterprises concerned with development and change in our society."

He declared, "It is this activity, as much as anything else, that has given me an understanding of the way the capitalist system operates in America "

After Casey left the government in 1975, limited partnerships for research and development were becoming popular investment vehicles for venture capitalists.

The Senate Select Committee on Intelligence knew of Casey's PenVerter write-offs in 1981 when it investigated his finances. But the IRS had not completed the audit

Records in Tax Court show the IRS disallowed \$6 million that the PenVerter partners declared as losses between 1977 and 1980. During that period Casey was entitled to 1 percent of PenVerter's profits and losses, the records show.

PenVerter, the automobile-engine partnership and the waste-recycling venture were organized by Carl G. Paffendorf, a longtime friend and business associate of Casey. They are among several Paffendorf-related partnerships whose deductions have been disallowed by the IRS in recent years.

Paffendorf is president of COAP Systems Inc., which he and Casey co-founded 20 years ago, according to documents on file at the SEC. Casey also has been a stockholder in the company, and bought one of its subsidiaries in 1979 for \$250,000. Paffendorf, who has been described as a Casey protege, did not return calls for comment.

All three cases in Tax Court involve the sale of patent or licensing rights at prices that the IRS has challenged because the investors put up little cash and signed large "non-recourse" notes for loans. Investors are not personally liable for such loans if the venture fails. The partnerships also wrote off millions of dollars in research and development fees they owed to Hi-Tech Research Inc., a subsidiary of COAP Systems. SEC records show that COAP Systems has not collected any of the interest or principal owed it by the partnerships.

PenVerter

Soon after Paffendorf formed the Pen-

Verter partnership in November, 1976, Casey replaced him as the "original limited partner" with an investment of \$95. The same month, the PenVerter partnership obtained "rights to certain confidential information and technology" relating to computers from COAP Systems for \$4 million. Of that, \$100,000 was paid in cash; the remaining \$3.9 million was in non-recourse notes.

Court records show that PenVerter then paid another \$1.4 million-all but \$50,000 of it in non-recourse notes—to a group of engineers from the Massachusetts Institute of

Configuration

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KALB: National security, according to President Reagan, last Wednesday night, is the single most important function of the federal government. Our guest today on Meet the Press is the president's assistant for national security affairs, Robert McFarlane. A retired Marine lieutenant colonel, Mr. McFarlane has held various top level jobs, many behind the scene, since 1971. He stepped out front last October when he succeeded William Clark as the President's national security adviser. Our reporters today are Carl\Rowan of The Chicago Sun-Times, Bob\Woodward of The Washington Post, John\Wallach of First-Hears Newspapers, and sitting in for the vacationing Bill Monroe, Andrea\Mitchell of NBC News.

* * * * * *

WALLACH: If I can turn to Central America for just a minute, your ambassador in Nicaragua recently cabled the secretary of state to the following effect, that the junta in Nicaragua has abandoned the conciliatory policy it adopted last November in the wake of the Grenada operation. The mining of the ports and the escalation in contra activities has convinced the Nicaraguan leaders that a soft line policy is hopeless as the U.S. government is determined to destroy the revolution. Is that the aim of the Reagan administration, to destroy the Nicaragua revolution, to overthrow the government? MCFARLANE: No, it isn't. The policy of the United States is to try, together with the Contadora countries of Central America, to come to terms with Nicaragua, under...in a relationship in which we, and they, mind our business. The evidence is not very good. The several times we've tried, we've been rebuffed, but we remain willing. And we'd like to come to terms with them. All we ask is that they stop exporting revolution and violence to their neighbors and give the people who are looking for democracy in Nicaragua a chance.

WOODWARD: There have been reports of a fall offensive by the El Salvador rebels, Communist-supported rebels. And, can you kind of weave for us, what is our expectation, our reasonable expectation? Are we gonna hear, see down in Central America, a kind of Tet-like offensive this fall? MCFARLANE: I think so, yes. Evidence that accumulated in the past six weeks suggests that that conscious decision has been made, and we believe honestly, the only way the Salvadoran government is going to be able to deal with that is to prepare the army in terms of training, equipment and so forth, to be able to pre-empt it.

WOODWARD: Could you be specific about what sort of evidence has accumulated over the last six weeks? To give you...I mean, that's a rather alarming thing you're saying. That we're going to have a rat...not only a foreign policy dilemma down there, but that this is going to be taking place in the political campaign here in the United States. MCFARLANE: Well, the sources, I'm not prepared to discuss in public, but the evidence has been shared with the Congress and suffice to say that our community of intelligence experts finds it very credible that...

WOODWARD: Is the magnitude large? Is it a massive support? And has the decision been made by the Soviets to do this or are these the rebels or the Nicaraguans making these decisions? MCFARLANE: The indications are that the

Continued

WASHINGTON POST 11 May 1984

LETTERS TO THE EDITOR

Mr. Casey Should Resign

We all know about the scorching letter from Sen. Barry Goldwater, the Republican chairman of the Senate Intelligence Committee, and the resignation (later rescinded) of Sen. Daniel Moynihan, its Democratic vice chairman, both triggered by the failure of director William J. Casey to fulfill his obligation to report to that committee the facts relating to the Nicaraguan harbor mining. But it was Mr. Casey who should have resigned, not Sen. Moynihan.

Mr. Casey was probably motivated by a desire to counteract what he perceived to be the risks inherent in the Nicaraguan situation, and he has apologized to the members of the Senate committee, to their satisfaction, for his past failure to report on the Nicaraguan harbor mining. But the CIA should not be run by any man, whatever his end purposes may be, who uses means to those ends so repugnant to common sense and international law. Mr. Casey departed from his background and training when he originally tried to justify a one-sentence reference to the Nicaraguan harbor mining, which did not describe the U.S. in-

volvement in that mining, as an adequate disclosure to the Congress. As the former chairman of the Securities and Exchange Commission, he must have known that the failure to disclose material facts may be tantamount to a

misrepresentation.

There should be a bipartisan approach to finding a new director for the CIA who has the necessary qualifications. Appointments to the Supreme Court have been increasingly made on a nonpolitical basis, and the comptroller general of the United States is appointed and operates for a 14-year term on a nonpolitical basis. The 10year term for FBI director was not only due to the congressional realization that J. Edgar Hoover had outlived his original usefulness, but was a signal that the job was nonpolitical. I have no doubt that a carefully conducted search by President Reagan will locate a new head for the CIA with qualifications comparable to those of the man chosen by President Carter to head the FBI, Judge William H. Webster.

SIGMUND TIMBERG

Washington

9 May 1984

Congressional Committees Ambivalent On Role as Overseers of CIA Activities

By David Rogers

Staff Reporter of The Wall STREET JOURNAL

WASHINGTON — The Central Intelligence Agency ship that directed the mining of Nicaraguan harbors has returned to its home port, but finding a safe harbor for the agency and the twin congressional committees assigned to oversee it will take much longer.

A month after the disclosure of the mining operation, the episode remains an em-

barrassment to key senators. It is a reminder as well of the fragile structure by which both

Foreign Insight

houses of Congress review CIA activities. From its outset, the Nicaragua war has posed a major test of guidelines enacted by Congress only months before the larger covert operation against Nicaragua's Marxist regime began in 1981. That law concentrated the responsibility for overseeing the agency in the House and Senate Intelligence committees. Republican senators, who won control of the Senate in the same period, are being forced to reexamine these provisions and their own institutional relationship with President Reagan.

In both houses, intelligence committee members are preparing new rules that they hope will make it tougher for the CIA to keep things from Congress. Senate committee members, for instance, are drafting fresh classified guidelines to specify precisely what the committee expects from the spy agency and what access senators' staff members will have to sensitive information.

"Basically, the idea is to put into the structure what we thought was understood," says Sen. William Cohen (R., Maine).

This effort could be jeopardized because both committees face an extraordinary turnover in their ranks under established rotation rules. Neither House Intelligence Chairman Edward Boland (D., Mass.) nor his Senate counterpart, Sen. Barry Goldwater (R., Ariz.), will remain on the panels after this Congress. And of the 29 members on the two committees, at least 17 are scheduled to be replaced.

Preventing 'Capture' by CIA

This rotation is meant to bring in new blood and prevent the committee from becoming "captive" to the CIA. Yet it also reflects ambivalence in Congress toward the entire oversight process as members seem to pursue, and sometimes to shy away from, knowledge of CIA activities. The same Mr. Goldwater, who so bitterly complained about not being informed, in the past hasn't hidden his distaste for overseeing CIA activities. The late Sen. Leverett Saltonstall, a crusty Massachusetts Republican, said three decades ago, there is a reluctance by the CIA to tell, and Congress to ask.

Vietnam and the furor over CIA abuses in the mid-1970s were said to change this attitude, but there has been a clear move back toward favoring the agency, beginning under President Carter. The 1980 act repealed the Hughes-Ryan amendment of 1974 that required reporting on covert operations to as many as eight House and Senate committees. And while the new law incorporated tighter reporting requirements, the two committees and the CIA apparently have only now begun to spell out what the act means in practice.

"Significant anticipated intelligence activities" must be reported, for example, but no rule specifies that "significant" automatically includes operations like the Nicaragua mining, which was approved by President Reagan after meetings with his high-level National Security Policy Group advisers.

"I'm not at all satisfied with the oversight function of Congress, says Rep. Lee Hamilton (D., Ind.), who is expected to chair the House committee next year. The Senate panel, which came under GOP control with Mr. Reagan, has been the most trusting—and lax according to critics—in overseeing the agency.

CIA Still Reluctant

Personality and structure have each played a part. CIA Director William Casey isn't a professional spy but a lawyer whose vague answers were legendary in the Capitol long before the mining flap. His much-published apology to the Senate temporarily soothed congressional tempers, but as recent exchanges with both committees indicate, the CIA is still reluctant to be as open as some members want.

"They give us the information but they give it reluctantly," says a senior House member. "That is the mark of an uneasy relationship."

Within the Senate committee, relations have been badly strained between staff and the CIA liaison office. And within the White House, there have been preliminary discussions that Vice President George Bush, a former CIA director, take a more direct role to improve the agency's ties to Congress.

The real force behind congressional oversight of executive agencies is the power of the purse, yet there has always been a reluctance to withhold money in cases of foreign policy. The intelligence committees could greatly strengthen their hand by restricting the use of contingency funds in the annual CIA budget, but neither has ever done so.

This is why the refusal of the House to fund the CIA's covert war in Nicaragua is considered so extraordinary. But without support from the Senate, the Democratic-controlled panel hasn't been able to enforce its demands. Its adversarial role has made it more aggressive in keeping watch on the CIA, but even when Chairman Boland knew about the mining, his best option was to wait until a secret session of the full House could be held on the administration's request for an additional \$21 million.

The disclosures in the press about the mining in Nicaragua made this moot but didn't save the Senate from embarrassment. In contrast with the House leadership, Democrats on the Senate committee have repeatedly sought to avoid any split with Republicans over Nicaragua, and ignorance—or the appearance of ignorance—was the most ready defense after the mining reports.

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SENATE PANEL ASKS CIA ABOUT SALVADOR ELECTION ROLE BY ROBERT PARRY WASHINGTON

Senate Intelligence Committee officials, while expressing surprise at Sen. Jesse Helms' charge the CIA "bought" El Salvador's presidential election, said Wednesday the panel has asked the spy agency about the claim.

STAT

"We don't know the basis of his allegation," said one committee staff aide, who spoke on condition he not be identified. "We have made some inquiries to the CIA regarding his statement."

Another congressional source said the CIA has provided money to support the democratic process in El Salvador, but that the assistance has not favored one party over another. In 1982, CIA Director William Casey said the agency helped provide security assistance for the balloting that year.

In a Senate floor statement Tuesday, Helms, R-N.C., said a "covert plan" funneled U.S. money into the campaign of moderate Christian Democratic candidate Jose Napoleon Duarte, who Helms described as a "socialist.

"In other words, the State Department and the CIA bought the election for Duarte," said Helms, a conservative who in the past has defended rightist candidate Roberto d'Aubuisson, the other candidate in the Salvadoran presidential run-off election last weekend.

Based on unofficial returns, Duarte claimed victory on Sunday. However, d'Aubuisson claimed Wednesday that his party's tallies show him narrowly defeating Duarte. Official returns are still being tabulated.

At a news conference, d'Aubuisson cited Helms' statement in charging that the CIA and the State Department had helped Duarte in the election. D'Aubuisson added, however, that he had no "tangible" proof to support the claim.

D'Aubuisson, a cashiered army major who has been linked to rightist death squads in El Salvador, was described by Helms as a person "who openly espoused the principles of the Republican Party in the U.S." Helms added that no hard evidence has ever been provided to back up allegations of d'Aubuisson's alleged death squad connections.

ON PAGE B-3

WASHINGTON POST 9 May 1984

FILE ONLY -

Business Of the Hemisphere

By Barbara Feinman

It was bumper-to-bumper cocktail traffic last night around David Rockesfeller as more than 600 people turned out for a reception for the Council of the Americas' 15th Washington Conference for Corporate Executives.

"I think the western hemisphere has suddenly, for the first time in a long time, become of world significance," said Rockefeller, former board chairman of the Chase Manhattan Bank and chairman of the Americas council, "So this meeting here for the private sector in Latin America, I think, is very timely."

Rockefeller defined the Americas council as "the business arm of the Americas society," itself an "umbrella organization which embraces the United States private sector with an interest in the western hemisphere."

The Reagan administration has stepped up pressure on Congress to approve military aid to El Salvador, and last night Rockefeller said he was "grateful" not to be in President Reagan's shoes when it comes to Central American policy. "But I do think the Kissinger report made a lot of sense, and I'm glad he's supporting it."

With that, he tried to make his way across the OAS Hall of Americas to CIA Director William Casey, who briefly stopped by.

Earlier in the day most of the crowd had attended the council's seminar at the State Department, where Reagan spoke about "Soviet-bloc and Cuban-backed insurgents" in Central America.

One of those who should know about the troubled region, Gen. Paul E. Gorman, commander-in-chief, U.S. Southern Command, was enjoying the reception and was pointedly out of uniform. He said he was there to meet with the Joint Chiefs of Staff and to participate in the council's program, which he characterized as an "outstanding organization in addressing major foreign policy issues."

The Hill was well represented, and among the corporate crowd on hand was Jonathan Russin, an international attorney with practices in Washington and the Dominican Republic. Russin said he had had a busy day dealing with news from the recently troubled Caribbean island. "The labor unions have put out a call for a general strike tomorrow for 24 hours. The reaction has been calm—commerce and traffic will be normal," he said.

STAT

Thinking Things Over

By Vermont Royster -

Mr. Reagan's Hazards

For months now, most of the attention from politicians, political journalists and the public has been focused on Democratic would-be presidents. That's natural enough, since the Democrats haven't yet decided who will carry their colors in the presidential race, whereas the Republicans know it will be Ronald Reagan.

That means the Democrats' problems are highly visible. The Messrs. Mondale and Hart are saying not very nice things about each other, all of which could handicap the Democratic runner later on. Meanwhile nobody quite knows what the effect will be of Jesse Jackson's presence in the paddock, because nobody knows which way he'll jump after the party picks its rider.

But President Reagan, the certain Republican color bearer, also has some hazards in front of him, visible to anyone who will look. They don't seem insurmountable, to be sure, and right now he's the favorite in most oddsmakers' books. What some recent elections ought to remind us, however, is that a presidential race is much like a steeplechase. All the hazards must be safely leaped to make the winner's cir-

Some of those hazards for Mr. Reagan, ironically, arise from the same source that makes him the favorite. Namely, that he is the incumbent president.

As president he has had four years to put a record before the public. The voters know him as they cannot know any Democratic challenger. No one can be sure what kind of president either Gary Hart or Walter Mondale would be. Ronald Reagan is a known political leader.

Moreover, that record is one of strong political appeal to much of the electorate. In his three years, the inflation rate has come down from double digits to less than 5%, to the benefit of all and most especially those of lower incomes. The incometax rates of all have been reduced. So have the ranks of unemployed with many new jobs added, which means there are more people to benefit from both lower inflation and lower taxes. The economy is more vigorous than it was four years ago, promising further gains in the next four years under the same policies.

As president-in-office, Mr. Reagan gets the credit, and ought to. As president, though, he has also had three years for dissatisfactions to accumulate, whether they are real or imaginary.

Anyway, incumbency doesn't seem to be the powerful force it once appeared. It wasn't enough to make Lyndon Johnson want to run again. It wasn't enough to save Gerald Ford or Jimmy Carter. In fact, it was the accumulated dissatisfactions with President Carter that helped elect Mr. Reagan in the first place.

Among the accumulated dissatisfactions with President Reagan must be numbered those of black voters. It's not easy for a white person to understand them, for the Reagan administration has done nothing to undermine the gains blacks have made in our society over the last generation. Much that it has done (reducing inflation and unemployment) has certainly helped them. No matter. The dissatisfactions are clearly there and all the signs are that the black vote will be predominantly against Mr. Reagan regardless of who's the Democratic nominee.

Many women have also publicly expressed disappointment with Mr. Reagan. again for reasons a man may not understand. It's by no means clear that women will vote as a bloc in the way black voters are likely to do; women are too independent minded for that. But some undoubtedly will, and so the women's vote is a hazard for the president.

Labor union voters, too, have lately proved pretty independent of the wishes of ! labor union officials; they voted heavily for Reagan the last time. But union officials as a group aren't going to be in the Republican camp. However many union members follow them, that number will be subtracted from the Reagan vote.

There are other less measurable hazards before the president. A recent Gallup poll estimated that 49% of the voters disapprove of his handling of the problems in Central America with only 21% approving, the remainder having no opinion. Still harder to measure is the effect of the troubles from some of Mr. Reagan's appointees. Ed Meese is a nice man, but he has left himself open to Democratic attacks and he doesn't give the appearance from experience and background of being a well-qualified attorney general. William Casey, head of the CIA, hasn't lately covered himself with glory; he's even drawn criticism from the one-time "Mr. Republican," Barry Goldwater.

There are other intangibles. Most voters don't understand the effects of government deficits, but they've been conditioned to fear big ones, and the present one is big enough. So also with the foreign trade deficit. And voters hear much talk about rising interest rates, something they also don't

None of these things may be decisive in ... November, but they do raise hazards for the president. If nothing else, they help Democratic charges of ineptitude in the White House.

These are offset, of course, by the Democrats' problems. There's a little ineptitude there too. So far, their candidates don't know what to offer the country except more of what we had when their party held the White House under Johnson and Carter, a prospect that hasn't caught the fancy of the country.

All in all, were I a betting man I might lay my wager on Ronald Reagan. If I pause, it's because 50 years of watching political steeplechases have taught me many a rider stumbles between the starting gate and the finish line.

WILLIAM

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SEXTOR

Casey's Risk-Taking Pays Off in Clout With the President

NTIL A FEW weeks ago, the last time I'd seen William J. Casey he was head of the Leng Island Action Committee, the elite business group that half a dozen years ago tried to revitalize the Island's economy. Its members produced a lot of meetings and a lot of talk — but very little action.

Before we knew it, however, Casey had become the center of a great deal of action himself. He ran Ronald Reagan's 1980 presidential campaign, then he took over the Central Intelligence Agency.

Millionaire lawyer, local booster, national political operative, global superspy. Can one person really be all of that? Casey obviously can, and if this range of talents surprises even some of his friends, it is probably because there's so much to Casey that no single person can know all of him.

It's important to try, though. According to a theory proposed here a couple of days ago, Casey may have become Ronald Reagan's single most influential adviser: the presidential "can do" man, commander of the secret wars that project American power now that traditional combat is too expensive.

To the legal profession, Casey was an aggressive scholar who spotted neglected corners of the law and produced best-selling textbooks on them. To bankers and brokers, he's a buccaneer investor whose gambles (after working his way through school) produced a personal fortune close to \$10 million — and some extremely close calls with the authorities.

To politicians he's the quintessential inside man who could run the Securities and Exchange Commission and Export-Import Bank, but lost his one try at elective office, for Congress from the North Shore, and came close to grief (a recurring pattern) as a result of the Debategate incident during Reagan's 1980 campaign which Casey headed.

What's least known — though not for long (he's finished a book about it) — is the early job that probably shaped everything Casey has undertaken since. That was his assignment as a World War II spymaster for the CIA's precursor, the Office of Strategic Services, in Europe.

Through all these enterprises, a trio of compulsive qualities seems to have governed Casey. One is a mind bordering on genius: It is said he can memorize a document while carrying on an entirely separate conversation. Another is a high level of energy combined with a low threshold for boredom; he wrote an insightful military history of the American Revolution just to pass time at the

Export-Import Bank. Finally, he's an adventurer, an instinctive taker-of-chances. That, I'd argue, is what makes him so influential with Reagan, whose instincts run the same direction but who is everywhere else counseled toward caution. I suspect it was Casey the adventurer who succeeded where all the other advisers failed (including George Bush and Alexander Haig) in persuading the President to make up with Peking. In the secret wars against Soviet expansionism, what greater intelligence asset could there be than China, which fronts 4,500 miles of the Soviet homeland — and also Vietnam and Afghanistan?

You can argue whether the United States belongs in this kind of game (that's the next column). But once we're in, Casey's talents certain qualify him as a master player. If the buccaneer spirit frightens a bit, there's the demonstrated knack for stopping just short of the foul line — as he did two weeks ago in his relations with Congress after the little mining adventure in Nicaragua. May

the knack never fail him.

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ON PAGE 47-Z

WASHINGTON POST 8 May 1984 STAT

Scientists Cancel News Conference on Space-Based Weapons

Associated Press

U.S. and Soviet scientists yesterday canceled a news conference at which they were to report results of weekend discussions of space weapons and missile defense systems.

No explanation for the cancellation was given. "It was due to a variety of reasons," said John Pike, associate director of the American Federation of Scientists. "There was no big fight or anything."

The conference, conducted for three days at a retreat near Warrenton, Va., brought together 24

American and 10 Soviet scientists. Paul Warnke, former U.S. arms control director, and E.P. Velikkov, vice president of the Soviet Academy of Sciences, were the co-chairmen.

Other participants included former CIA director William E. Colby and R.Z. Sagdeev, head of the Soviet Institute of Space Research. The discussions were closed to the public.

Pike said "a decision was reached last night [that] it would not be productive to hold the press conference this morning. The participants think the meeting was useful."

ARTICLE APPEARED ON PAGE 5-

WASHINGTON POST 8 May 1984

Legality at Issue

FBI Probing Libyan Aid to Black Activists

By John M. Goshko and Joe Pichirallo Washington Port Staff Writers

The FBI is investigating whether Libyan leader Muammar Qaddafi's radical government has tried to influence American domestic affairs illegally by giving money and other assistance to some black community activists and black nationalist groups in this country, according to U.S. government officials.

The officials, who declined to be identified, said the investigation grew out of close FBI surveillance of

Libya's mission to the U.N. in New York.

The surveillance began in 1981, they said, after U.S. security officials received reports of a possible Libyan-inspired assassination plot against the United States' ambassador to the United Nations, Jeane J. Kirkpatrick. Libya's U.N. mission was headed until early last month by Ali Treiki, who is now Qaddafi's foreign minister.

The FBI has evidence from interceptions of communications and observations of Treiki's contacts with

Americans that he was using the U.N. mission to pass money to black activists who exhibited sympathy for Libya's radical goals for Third World revolutionary movements, the officials said.

However, the officials did not identify American individuals or organizations that received money from Libya.

It is permissible and not uncommon for foreign governments to donate money to American organizations if the funds are given openly for educational, cultural or philanthropic purposes. However, the Foreign Agents Registration Act requires individuals or groups receiving money from a foreign government to register with the Justice Department if the funds are used to influence U.S. policy for the benefit

Depending on the nature of the violation, failure to register could be prosecuted either as a felony or a civil offense.

Robert W. Thabit, a New York attorney who is the legal adviser to Libya's U.N. mission, said yesterday that Libyan officials have assured him that their representatives have "no intention of violating the laws of the United States or of trying to affect internal domestic policies."

Thabit added that Treiki, before his return home April 4, had contacts with "people of all classes and all colors and religions." Because of Libya's support for Palestinians in the Middle East and for blacks in South Africa, Thabit said, American blacks have visited the U.N. mission to thank Treiki for his country's

Attorneys for the Libyans also said that the Qaddafi government has donated money to Islamic centers in various parts of the United States and that there is nothing inappropriate about a Moslem country helping coreligionists.

stands.

The U.S. officials were unable to specify whether the information collected by the FBI is sufficient for the Justice Department to seek indictments against any Americans or for the State Department to charge Libya with abusing its U.N. personnel's diplomatic immunity. But they said the probe had increased in intensity in recent months.

They said details of the probe have been restricted to a small number of officials in the FBI and the Justice and State departments. But they added that Kirkpatrick, Secretary of State George P. Shultz, CIA Director William J. Casey and the

White House have been kept informed of its progress.

The inquiry is regarded as extremely sensitive because of both its international and domestic implications, according to the officials. They said the administration appears to be moving very cautiously out of concern that public accusations without ironclad proof might subject President Reagan to charges that his administration is increasing black-white tensions for partisan purposes.

They also cited the damage done to the FBI's reputation by past revelations of its surveillance and harassment of the late Rev. Martin Luther King Jr. and other black civil rights leaders during the 1960s.

The investigation is being conducted against a background of international pressure by the Reagan administration for concerted action by the United States and other western countries to force the Qaddafi government to stop sponsoring international terrorism.

The United States asked all Americans to leave Libya in December, 1981, following still unconfirmed reports that Qaddafi had dispatched a "hit squad" to assassinate Reagan and other senior U.S. officials. As a result of reports of threats against her, officials said, Kirkpatrick has had a 24-hour guard since March 31, 1981.

Subsequently, the officials said, the FBI developed information, primarily through telephone wiretaps, of Libyan contacts with what the officials described as "black separatist" and "black activist" groups in New York and elsewhere in the United States.

According to the officials, the apparent Libyan aim was to enlist the aid of these groups in unspecified ways to help defeat Reagan's bid for reelection. One official, referring to "transcripts" he had seen, said they indicated a Libyan belief that every-

of the donating nation. Approved For Release 2005/11/28 : CIA-RDP91-00901R000400030002-2

Y SHARON CHURCHER AND MARY MURPHY

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Mining Plan: In the Paper

ENATOR DANIEL PATRICK MOYNIHAN and his Capitol Hill colleagues would have known the C.L.A. was planning to mine Nicaragua's harbors almost a year earlier if they had read a front-page story in Baltimore's Sunday News American or the San Francisco Examiner on July 17, 1985—or even their own Congressional Record, where the story ran verbatim on July 21.

Representative Sala Burton, of California, had had the July 17 story, by Hearst News Service foreign editor John Wallach, inserted into the Record. The story said the C.I.A. had requested detailed maps of three Nicaraguan ports as part of a covert mining plan.

"It's totally misleading for these guys to scream that they knew nothing about the plan." Wallach contended. He says he talked to a top critic of the administration's Central American policy, Representative Clarence Long, for the story, briefing him on it.

The mines, planted in January, were to have been put in place last May, Wallach's story said. The U.S. drew back "at the last minute," he reported, after "Long... conferred with C.I.A. director William Casey, warning such a plan would violate the law."

On TV recently, Long denied he had known Casey's plans. "I am not aware that Mr. Long talked to Mr. Casey," Long aide Michael Granofi told New York. Moynihan's press spokesman, Lance Morgan, added, "The C.I.A. has a statutory obligation to keep us informed, and it is the only definitive source."

CIA maps ports in Nicaragua for mining

July headline: Missed.

SEE NEXT PAGE

7 May 1984

Wachington Whierer

STAT

* * *

Central Intelligence Agency boss William Casey got the same blunt message from leaders of both parties when he visited Capitol Hill to try to smooth feathers ruffled by the CIA's mining of Nicaraguan harbors: Unless the agency is more frank and open with Congress, angry legislators will pass a law severely limiting the agency's covert activities.

* * *

Western diplomats report that Soviet pilots are now flying reconnaissance and intelligence missions from Libyan air bases—a product of Qadhafi's closer ties to Moscow. A special target of the flights: U.S. ships in the Mediterranean.

INTELLIGENCE

The CIA Sues for Peace

t was a nasty little war, and last week the Central Intelligence Agency finally decided to call it off-by concluding a peace treaty with the United States Senate. After two days of delicate negotiations, the CIA and the Senate Intelligence Committee came to an agreement that offered something for everyone. Director William Casey conceded that the CIA had not "adequately informed" the committee about U.S. involvement in the mining of Nicaraguan harbors. At the final session of the peace talks, the truculent Casey even managed to spit cut the words: "I apologize." For its part, the committee acknowledged that its own procedures could be more effective. And its vice chairman, Daniel Patrick Moynihan, withdrew his protest resignation. "I am willing to forgive," the New York



Lampooning the Company: Still no bipartisanship

Democrat said later, "but not to forget."

Thus ended a bitter wrangle that had threatened to affect the course of United States policy in Central America. The policy remained controversial, but at least the Casey sideshow was out of the way. Committee chairman Barry Goldwater, who started the fuss by complaining that Casey had kept him in the dark about the Nicaraguan mining operation, said he was "satisfied" with the outcome. "Everybody put their heads together and came up

with a joint deal recognizing that the executive branch and the agency made some mistakes," the Arizona Republican tolci NEWSWEEK. He added that his committee would "hold a meeting shortly to improve our own methods."

The principal peacemakers were committee members Lloyd Bentsen, a Texas Democrat, and Richard Lugar, a Republiscan from Indiana. Each man chairs his party's campaign fund-raising committee in the Senate, which gave a certain weight to their mediatory efforts. Lugar and Senate Majority Leader Howard Baker, who had a private lunch with Casey last week, urged the CIA director to go courting senators. Ass a rule, Casey does not apologize willingly on well, but this time he did what he had to don. He sent a handwritten apology to Goldwater and placed a phone call to Moyniham, asking the vice chairman to withdraw his resignation.

The next day Casey met privately with the committee, assuring its members that the mining operation had been stopped. Some hard-liners argued that Casey had nothing to apologize for. "I don't know why you think you have to apologize for telling.

people things they don't like to acknowledge they are told anyway," Utah Republican Jake Garn told Casey. The two-hour session was a "spirited and sharp exchange," Bentsen said, but in the end it produced "a cease-fire between the committee and the CIA."

Concurrence: The terms were spelled out in a three-paragraph statement. In it, Casey "concurred" with the view that the committee had not been fully informed about the CIA's role in mining Nicaraguan ports. The committee promised, in effect, that it would pay more attention in the future. The panel may require that it be informed in full about any covert operation important enough to be authorized by the president. The committee also may hire two or three additional staffers to keep an eye on covert action. Lugar conceded that the committee itself had to do "a heck of a lot better."

STAT

Détente with Capitol Hill will not necessarily salvage bipartisan sup-port for Ronald Reagan's "secret war" against Nicaragua. In early April the Senate voted \$21 million for aid to the contras, the rebels who are fighting the Marxist-dominated government in Nicaragua. Now that the Casey flap has been settled, the Senate is expected to stand by the contras. But the Democratic-controlled House may refuse to go along. "I don't believe we could pass any bill that had any amount of money for Nicaragua," Majority Leader Jim Wright said last week. In the best tradition of giveand-take, the result may yet be a compromise; the figure \$7 million keeps coming up in corridor conversations. If the contras are cut off without a penny, the executive branch might be able to turn the tables on Congress and complain about a double cross on the Hill.

GLORIA BORGER and JOHN J. LINDSAY in Washington

REMEMBER THE MINE

STAT

After the humiliation in Lebanon, the United States might at least have allowed a decent interval to pass before again making itself foolish in the eyes of the world. Yet we were back at it again with the Nicaraguan mining fiasco, a misadventure from its clumsy conception through its abrupt demise. And again, the display of incompetence was bipartisan, initiated by the Republican Administration and compounded by members of both parties in Congress. The C.I.A. apparently could not resist going beyond its role of providing assistance to anti-Sandinista rebel groups fighting in Nicaragua. It had to get its very own piece of the action, so it concocted schemes to involve itself directly in raiding a Nicaraguan port and then in laying mines in Nicaraguan harbors. The operations risked discovery, risked accusations that the United States was violating international law, risked arousing the indignation of countries whose shipping might be damaged. Yet the C.I.A. persuaded the President's national security adviser to walk its ideas into the Oval Office for approval, and he walked right out again with Mr. Reagan's O.K.

Congress's two intelligence oversight committees should have warned the Administration to drop its plans, but they didn't. Both were informed—in the case of the mining, the House's committee was told in January, the Senate's in March—but if the members were listening to what they were being told, they did not focus on the implications of a direct C.I.A. operation. Senators Barry Goldwater and Daniel Patrick Moynihan protest that out of more than 130 pages of hearing transcript only two sentences referred to the mining, and did not mention the C.I.A.'s role. The Administration counters that its written submissions—as opposed to oral summaries—described and justified the operation in detail. If the C.I.A. was hiding, the Senate was not seeking. After Murphy's Law was fulfilled with its customary reliability in matters covert and American, Congress panicked—much as it did when the going got rough in Lebanon-and not only condemned the mining operation by lopsided margins in both Houses but also threatened to cut off funding for aid to the contras entirely. That move, if actually carried through

when Congress returns from recess, would be at least as mindless as the mining itself.

We do not support aid to the contras with any relish. And in many respects we do not support the Reagan Administration's goals and methods in supplying aid. For example, the bulk of U.S. assistance goes to the rightist, Honduras-based Nicaraguan Democratic Force (F.D.N.), many of the field commanders of which were officers in Anastasio Somoza's brutal and justifiably detested National Guard. A far better prospect for winning the support of Nicaragua's people is the Democratic Revolutionary Alliance (ARDE) headed by the former anti-Somoza guerrilla leader Edén Pastora ("Comandante Cero"). Mr. Pastora's force has just captured a coastal town in southem Nicaragua, has been bolstered (according to news reports) by the defection of an entire battalion of Sandinista soldiers, and is planning to set up a government in exile. ARDE apparently does now receive C.I.A. help, but much less than the F.D.N.

The Administration's purposes in aiding the guerrilla groups are also suspect. ARDE has proposed a plan whereby antigovernment military activity would cease if the Sandinistas agree to hold fair elections this November that is, if opposition candidates are guaranteed security from Sandinista toughs and the right to have their views heard free from censorship, and if the election is internationally supervised. The Reagan Administration has failed to endorse the ARDE proposal, leading to the suspicion that democracy in Nicaragua is not one of its primary goals. Indeed, there seems to be a split within the Administration over Nicaragua much as there was in Lebanon. One group, said to include Secretary of State Shultz, believes (sensibly, in our view) that aid to the contras should be designed to pressure Nicaragua into halting subversive activity against El Salvador and into entering serious peace negotiations with its neighbors. Another school of thought within the Administration—reportedly led by Secretary of Defense Weinberger and the C.I.A. director, William Casey-regards the very existence of a leftist Nicaragua as an intolerable menace to vital interests of the

Continued

WILLIAM

SEXTON

The Most Powerful Ller: William Casey of the CIA

HEN Martin Van Buren got to be President — the first from New York State — you can imagine the elation in the Hudson Valley where he grew up. Closer to home, I recently met an elderly lady from Oyster Bay who vividly remembers the neighborhood's pride in its famous summer cottager, Theodore Roosevelt.

We haven't had a locally born president, but there is a Long Islander right now at the very center of America's leadership. The CIA's William J. Casey, who grew up in Elmhurst and Bellmore and has long resided in Roslyn Harbor, probably ranks higher in government than any native, full-time Long Islander of the past. That should make him our celebrity of celebrities.

Unfortunately, since Casey's specialty is secret warfare, the public can't really judge how powerful he is. We can't even be certain whether to be proud of him, since the CIA's victories are mostly secret even if some of its failures aren't.

Let's leave the latter judgment to the historians. On the first question, though — that of Bill Casey's stature in President Reagan's Cabinet — the evidence is fairly conclusive. After Reagan himself, Casey may well be the single most powerful individual in Washington these days.

You can measure this in several ways. One is by a process of elimination. Has Ronald Reagan been taking the secretary of state's advice on the Middle East? The Council of Economic Advisers' advice on the deficit? The budget director's advice on defense spending? The Congress's advice on anything?

Compare these negatives with Bill Casey's string of positives on increased funding for the CIA, global expansion of covert activities and the fixing of priorities in foreign policy. Another approach is to note where the action is in projecting American power abroad. By every appearance, Casey and his face-

less spymasters are replacing the Joint Chiefs of Staff and the Pentagon as the central actors where decisions of war and peace are made.

Through no particular fault of their own, the traditional military services find themselves virtually useless today. The Pentagon's primary weapon, the nuclear warhead, is by common agreement incapable of winning wars, able only — maybe — to deter them.

But our conventional forces are hobbled, too: Since Vietnam, it has been a canon of Pentagon planners (a loose canon, the hawks might say) to avoid military involvement unless assured the full support of the American public. That support is seldom forthcoming. And in any case neither the American public nor our allies will invest in the kind of conventional forces it would take to balance the Soviets.

Some of the President's advisers ridicule the new caution as "Vietnamization." Actually, it's a rule of generalship as old as war itself; in the 4th Century BC, the Chinese strategist Sun Tzu demanded to know if "the people [are] in harmony with their leaders" as the first of his "five fundamental factors" in calculating the odds of victory.

So the Joint Chiefs of Staff refused to endorse military landings in Lebanon; they possessed neither the resources nor public support to carry the operation to success. The landings were ordered anyway.

Today significant elements of the military establishment oppose Reagan's commitments in Central America, too. Once more there is the per-

ceived lack of resources sufficient to finish the job, and no broad national consensus even to begin it. (It's said the Navy's highest brass wasn't even consulted before Nicaraguan harbors were mined by the CIA — and this at a time of deep concern lest others' mines endanger our ships in the Persian Gulf).

The view of these military professionals is that Central America's problems will submit only to economic and political measures, not military ones. So here we have a President who believes in action, a Pentagon that has learned to be supercautious, and a secret warrior who says he can get done whatever it is the President wants, if not one way, then another.

Little wonder Bill Casey has the President's ear, and little wonder Congress exploded the way it did a couple of weeks ago over the Nicaraguan mining. Radical change is overtaking both the form and substance of warmaking. The change is perhaps inevitable, dictated by external events, but that makes it no less traumatic for a free society. And the architect is William J. Casey.

In a speech a year ago at Georgetown University, Casey came pretty close to saying publicly that secret war has already become more important than the familiar kind for which our government was structured and our public educated. "The media does extensive reporting and analysis on the Soviet missile and conventional military threat which we spend hundreds of billions of dollars to counter," he said. "But the big story out there is the possibly more lethal process of creeping imperialism by subversion and insurgency . . . " The question, I guess, is whether creeping war is really the answer to creeping imperialism. 🛘

panese Investment; a New Worry

STAT

Debate mounts over factory ventures in U.S.

By WINSTON WILLIAMS

CHICAGO AST fall, President Reagan issued a policy statement on foreign investment in the United States. In generous terms, he declared that such investment is always welcome, as long

as it is based purely on economic con-

siderations.

Maybe so, but when it comes to Japan, that view is not shared by everyone in the Administration. Last month, in fact, William J. Casey, chairman of the Central Intelligence Agency, denounced Japan's big stake in American computer companies as "Trojan horses." He said over-dependence on Japanese technology could undermine this country's pace-setting skills in the field.

Mr. Casey's remark was one of the more dramatic in a new debate over commerce with Japan. While the big issue of former years was how to deal with mushrooming Japanese imports, the more troubling concern emerging today is the long-term economic impact of the increasing Japanese owner-

ship share in American factories.

This new aspect of the Japanese presence in the United States is being welcomed — even wooed — by many Americans as a source of needed capital and valuable technology. But as the Japanese expand into join; ventures with Americans in basic industries such as steel and autos, their economic presence has taken on a double edge.

The worries vary from group to group. For labor leaders, the paramount question is whether the Japanese investment will save jobs - and, if so, whether they will be union jobs. The business community is primarily concerned about the immediate threat posed by Japanese competition for domestic sales. That issue came to the fore last month with Nippon Kokan's new investment in National Steel an investment that is likely to make National a more competitive supplier of steel to United States auto makers.

Economists, for their part, have a more longterm worry: that United States industry will be deprived of capital if the Japanese take home the profits from their American operations, something they have not yet in - significant amounts.

But for all the words of worry, there have been as many or more welcoming the new Japanese investment strategy. "It's funny how many companies cling to the notion that the Japanese do what they do with mirrors, that they just are not fair," says Thomas M. Hout, vice president of the Boston Consulting "When you get the Japanese bringing in new production and management techniques, it makes the challenge more tangible. American industry will have to shed its lethargy.'

Japanese investment in Americar business is not new, of course. It has been trickling to American shores for more than a decade. Indeed, Matsushi ta's Ouasar television plant in subur ban Chicago is celebrating its 10th an niversary this year, as is the join! manufacturing venture between Alu. max and its Japanese partners, Mitsui and Nippon Steel. And Sony's chairman, Akio Morita, will arrive in San Diego this week to greet the five millionth television set to roll off the company's 12-year-old assembly line there.

But what is new about Japanese investment here is its size: In recent months aggressive Japanese companies — frustrated by stagnant markets at home, and eager to find a way around the import controls that have stifled their American sales - have been pouring yen into American businesses.

FIPPON KOKAN'S deal to buy half of National Intergroup's steel division for \$292 million is only the most recent manifestation of the trend that last year pushed Japanese investment in the United States up 20 percent from 1982's level — to \$10.5 billion. Other sizable recent deals have included Toyota's \$230 million joint venture with General Motors to make subcompact cars at an idie G.M. plant in California and Fuji Bank's \$425 million purchase of Walter E. Heller, a Chicago-based financial services firm that specializes in loans to small and mid-size businesses.

The \$10.5 billion stake in American business makes Japan the fourthlargest foreign investor in this country, just behind Canada in the value of total holdings, but only half the size of the Netherlands and Britain, Nevertheless, the Japanese are far ahead of the \$8 billion that Americans have invested in Japanese business. The turning point came in 1981, when American Japan's investments reached \$7 billion.

The Japanese are following a similar strategy in other countries, and if the trend continues Japanese investment abroad will multiply from \$32 billion in 1980 to \$150 billion by 1990 -

6 May 1984

STAT

The CIA Is an Ineffective Third Force

By Thomas Powers

SOUTH ROYALTON, VT.

ow what was that all about? In March, six different vessels, including the Russian oil tanker Lugansk, struck mines seeded along the approaches to Nicaraguan harbors. Damage was light. Protests followed from Britain and France, among others. The contras, fighting to overthrow the Sandinista regime in Nicaragua from bases in Costa Rica and Honduras, claimed credit for the mining.

But everyone knows that the contras are financed by the Central Intelligence Agency, and everyone knows-or surely ought to know by now-that Operational Rule No. 1 for the CIA in ventures of this sort is control.

There is not a micron of daylight between the contras and the CIA. The tail does not wag the dog. That is a given. No one had-or should have had-to tell the Senate Intelligence Committee that the mining was a CIA operation from start to finish, just as no one should have had to tell the committee there is no daylight between the CIA and the White House. If the CIA is doing something, the President wants it done. That is another given. So why the big flap in April, settled only after the CIA's director, William J. Casey, apologized to the Senate Intelligence Committee for not having kept it "fully and currently informed" as required by law?

There are two answers to this guestion-one narrow, one broad, both inter-

The narrow answer is that Casey had something to apologize for. The CIA had tried to slip one by the senators-the significant fact that the mining operation was not only conceived and directed but actually carried out by the CIA, using its own paramilitary officers on a "mother

ship" outside Nicaragua's 12-mile limit and specially trained commando teams of "Latin Americans"—so far unidentified who placed the mines. The contras played only a walk-on role, dutifully "claiming credit" as directed by their case officers.

This is not a distinction without a difference. The operation marked a significant step toward "Americanizing" the war and the CIA deliberately fudged the point in its briefings because it knew the senators would balk. The Administration wants to win the war in Central America, with Americans if necessary. The Congress wants to stay out. The fiction of an arm's-length relationship to the contras represents a working compromise between the White House and Capitol Hill, Hence Senate Intelligence Committee Chairman Earry Goldwater's famous "pissed off" letter to Casey when he learned the agency (and of course the Administration) had tried to put one over on him.

But it's the broad answer that really ought to interest us in this episode, because it helps to explain why U.S. Presidents have called so often upon their CIA's covert operators since the agency was established in 1947, why the agency-feeling heat from the White House-tends to be so impatient for results in the field and why the CIA is failing in Central America now, as it has so often in the past. The CLA was set up to prevent a repetition of Pearl Harbor, by providing a central location for processing intelligence from all sources. But within a year or two it had taken on two additional jobs: intelligence collection through its own assets and covert operations. It was the latter that captured the imagination of Presidents and their advis-

Secretary of Defense Caspar W. Weinberger recently claimed that there is no corner of the world so remote, no nation so insignificant, that it does not represent a vital interest of the United States. This is a broad claim, but not a new one. American policy has been global in scope at least since the 1948 Berlin blockade, and the CIA offered American Presidents a tool for backing up U.S. interests with bite-something between a diplomatic note of protest and sending in the Marines. Accordingly, in addition to many other tasks, the CIA was directed to support and sometimes

Continued

ON PAGE

Reagan's Return

The President Flies Back to Those Same Old Problems

By STEVEN R. WEISMAN

AVORING the rave reviews of his trip to China, President Reagan retreated from the stage for a rest at Camp David. His top advisers had no such luxury. They immediately began plans for the next openings on the re-election road show in an atmosphere of optimism and wariness. The President, several aides say, is performing so well politically that it is eerie. In spite of a bitter stalemate with the Soviet Union, a loss of American influence in the Middle East, immense controversy over Central America and a worrisome surge in interest rates, his approval ratings keep climbing.

White House aides say the main reasons for Mr. Reagan's popularity are the economic expansion and the President's continuing ability to project an image of leadership and statesmanship. On the agenda of a White House political strategy meeting last Thursday was the content of television campaign spots to be aired starting May 21. Not surprisingly, they are to emphasize general themes of firmness of resolve and confidence in America under Mr. Reagan. Commercials with footage from the China trip concluded last week and the meeting with Pope John Paul II in Alaska are to come later in the year.

The White House's instincts are to be cautious. The time has long past for bold budget initiatives. The caution will be vindicated if, as expected, Congress enacts a "downpayment" on the deficit consisting of modest spending cuts and tax increases. According to White House officials, the President is also said to be planning a cautious strategy on nuclear arms talks with the Soviet Union. "Arms control is on the shelf until the Russians decide to take it off," said a Presidential aide. "Either way, it's not a political problem for Reagan."

Central American Worries

Some tough battles with Congress loom in the next few weeks over Mr. Reagan's requests for funds for the MX missile and the production of chemical warfare weapons. Both are in trouble because of doubts on Capitol Hill about the Administration's strategy of building up the American arsenal as an incentive for Moscow to negotiate. But the foreign policy area that the White House fears most is Central America. Mr. Reagan's aides are wrestling with the question of how much to inject the President into the coming dispute over military assistance to El Salvador and to the insurgents in Nicaragua.

Their concern has been sharpened by what Administration aides say are fresh intelligence reports that a major Cuban-sponsored guerrilla offensive is being planned in El Salvador this fall, timed for the height of the American election campaign. The talk in the Administration has turned to fears that El Salvador could go "down the drain," as a White House aide put it last week, unless military aid is drastically increased, and soon. In the glow of Mr. Reagan's triumph in China, the question at the White House is whether he should change the subject so quickly. "My own feeling is that I'd rather get it out of the way now," said a Presidential aide. "That's preferable to having the situation blow up, presenting the President with a real crisis in October."

Caution would dictate not pushing El Salvador back to the top of the agenda, and James A. Baker 3d, the White House chief of staff who is known for his caution, is said to believe that in the past Mr. Reagan's cries of alarm over Central America have drawn as much opposition as support. But White House aides also said that Robert C. McFarlane, the national security adviser, was pressing for a major effort. Plans are being readied, they said, for a drive to blame the Congress if El Salvador is set back for lack of military support, starting with a possible television address this week.

White House aides are hoping that the results of the Salvador election today will bolster their case. But they concede that their selling effort is harder because both Defense Secretary Caspar W. Weinberger and William J. Casev. the Director of Central Intelligence, have lost credibility on Capitol Hill, Mr. Casev because of his statements about the covert war in Nicaragua and Mr. Weinberger because of his hard line on military spending. (Pentagon budget cutting, page 3.) The White House, meanwhile, continues to be handicapped by the inquiry into the finances of White House counselor Edwin Meese 3d, Mr. Reagan's nominee for Attorney General.

But Administration officials say they are pleased with the vitality of Mr. Reagan's re-election campaign. Edward J. Rollins, the campaign director, has put together what seems to be a solid organization, and there is talk of surpassing the early projection of enrolling more than two million new voters to counter the Democratic registration drive. With its eye on the leadership theme, the White House is banking on a season of pageantry. The Presidential cavalcade is embarking June 1 on a trip to the Reagan ancestral home in Ireland, an economic summit in London and a celebration of the 40th anniversary of D-Day on the beaches of Normandy. Speaking of the China trip, Michael K. Deaver, the White House's chief image-maker, said last week, "We've really got our work cut out for us to top this one in Europe."

Casey's Eye-Opener

1

How The Soviets Get Our Technology

Senate and House conferees are still struggling over which version of the Export Administration Act should pass: the House version, authored by Rep. Don Bonker (D.-Wash.), one of the most liberal lawmakers in Congress, or the legislation largely co-authored by Senators Jake Garn (R.-Utah) and John Heinz (R.-Pa.).

The Bonker bill, as HUMAN EVENTS has previously reported, radically weakens restrictions aimed at preventing high-technology items from winding up in Communist bloc countries. "The KGB is happy, but I am angry," said U.S. Commissioner of Customs, William Von Raab, when



the Bonker measure passed by a voice vote last year.

The Garn-Heinz bill, on the other hanc, would tighten controls over trade that would a sist the Communist bloc, transferring enforcement from Commerce to Customs and giving the Department of Defense far greater authority over what high-tech items should be sold to Western companies which, in turn, might be eager to illegally divert such goods behind the Iron Curtain.

What is astonishing is just how much the Soviets are getting because of various Administration efforts to promote — or failures to contain — East-West trade. In a remarkable, but little noted speech before the Commonwealth Club in California on April 3, CIA Director William Casey painted a scarifying picture of how the Soviets were obtaining Western technology to build up their awesome military system. The following is a small excerpt from his speech:

"During the late 1970s, the Soviets got about 30,000 samples of Western production, equipment, weapons and military components, and over 400,000 technical documents. both classified and unclassified. The majority was of U.S. origin, with an increasing share of our technology obtained through Western Europe and Japan.

"This truly impressive take was acquired by both legal and illegal means, including esononage. We estimate that during this period, the kCB and its military equivalent, the GRU, and their surrogates among the East European intelligence services, illegally stole about 70 per cent of the technology most significant to Soviet military equipment and weapons programs.

- "—The Soviets had our plans to the C-5A before it flew.
- "—The Soviet trucks which rolled into A. ghanistan came from a plant outfitted with \$1.5 billion of modern American and European machinery.
- "—The precise gyros and bearings in their latest generation of ICBMs were designed by us.
 - "-The radar in their AWACS is ours.
 - "-Their space shuttle is a virtual copy of ours.
 - "-And the list goes on and on.

Continued

"Just how do the Soviets get so much of our technology?

"First of all, they comb through our-open literature, buy through legal trade channels, religiously attend our scientific and technological conferences, and send students over here to study. Between 1970 and 1976, the Soviets purchased some \$20 billion of Western equipment and machinery, some of which had potential military applications. In addition to exploiting all open, legal channels, they use espionage.

"There are now several thousand Soviet bloc collection officers at work primarily in the United States, Western Europe, and Japan. And as I stated before, your firms here in Silicon Valley are at the very top of their list. The Soviets especially pinpoint and target small, highly innovative companies in the computer and microelectronics field, not only because they are at the leading edge of the technologies that Moscow is most in need of, but also because such firms' security procedures are usually inadequate to protect against penetration by a determined, hostile intelligence service.

"They also use sophisticated international diversion operations. We have identified some 300 firms operating from more than 30 countries engaged in such diversion schemes. And there are probably many more that remain unidentified. Most diversions occur by way of Western Europe, which is why we have made such a strong effort to enlist the help of our European allies in combating illegal trade activities.

"U.S. microelectronics production technology is the single most significant industrial technology acquired by the Soviets since the end of World War II. Silicon Valley and your firms are the primary target of Soviet and East European Intelligence Services. In the late 1970s alone, Moscow acquired several thousands of pieces of Western microelectronics equipment worth hundreds of millions of dollars in all of the major processing and production areas:

- "-Wafer preparation,
- "-Circuit mask processing,
- "-Device fabrication, and
- "-Assembly and test equipment, which they are most in need of.

"With these gains, the Soviets have systematically built a modern microelectronics industry. For example, the Zelenograd Science Center, the Soviet equivalent of Silicon Valley, was equipped, literally from scratch, with Western technology. All monolithic integrated ciruits are copies of U.S. designs. They even copied the imperfections contained in some of the U.S. samples!

"The West must organize to protect its military, industrial, commercial, and scientific communities, keeping two objectives clearly in view. First, the West must seek to maintain its technological lead time over the Soviets in vital design and manufacturing know-how. Second, manufacturing, inspection, and, most importantly, automatic test equipment, which can alleviate acute Soviet deficiencies in military-related manufacturing areas, must be strictly controlled."

The hemorrhaging of our technology to the Soviet Union may be difficult to stem, but it is certain to continue—and, indeed worsen—if the Congress ends up embracing anything like the Bonker measure.

Letters to the Editor

STAT

Editor: Central Intelligence Agency director William J. Casey's logic escapes me. He says he believes the American public is more concerned about the wave of immigration that would follow new Soviet-Cuban gains in Central America (presumably Nicaragua, particularly) than about reports that his agency has supervised the mining of Nicaraguan harbors.

He makes the point that the rebels seeking to overthrow the Sandinista regime in Nicaragua, who only number "perhaps 15,000 men with rifles scattered around the open, unpopulated parts of the country. . . " are likely to fail.

"They can't go into the cities," he says, "which the government is protecting with tanks and 75,000 men in the army, the militia and the security forces."

I wonder if Mr. Casey forgets, or merely ignores, the fact that the recent Salvadoran governments which we have been vigorously and at great cost supporting have been responsible for driving out of their own country all or most of the 800,000-odd citizens who have already fled El Salvador and settled in Mexico, other Central American countries, the U.S. (about 500,000) and Canada.

Central America It appears to me that the extreme right wing governments that we usually support often create far larger waves of immigration than some governments of the left.

> If the anti-government forces in Nicaragua can muster only 15,000 men who are willing and able to fight, as against 75,000 who fight for the government, maybe we should rethink which group is more legitimate by virtue of which really owns the hearts and minds of the people.

> As with Vietnam, Chile and elsewhere, I suppose we shall never learn to stay out of other countries' elections and civil wars (or at least to pick the right side if we must be foolish and intervene).

We usually always listen to the hawks who cry out slogans such as "possible Communist takeover" and "domino theory" and the like!

Why are we so easily led down the "garden path?"

Irwin H. Desser.

Baltimore.

ON PAGE A-5

4 May 1984

REAGAN MAY PRESS FOR SALVADOR AID

Aides Expect the President to Give TV Address and Put Blame on Congress

By STEVEN R. WEISMAN Special to The New York Times

WASHINGTON, May 3 — White House officials, alarmed about the military situation in El Salvador, expect President Reagan to give a televised address this month charging that Congress will be to blame if the Salvadoran Government is not given the military aid he says it needs.

"It's extremely important that the President lay it out for the American people so they know what's involved," a senior White House official said today. "The people should know that if El Salvador goes down the tube, it'll be the result of the failure of appropriations by Congress."

The source of concern among White House aides was said to be recent intelligence reports that a major Cubansponsored guerrilla offensive is being planned in El Salvador this fall, timed for the height of the American election campaign.

McFarlane Said to Be Worried

A White House official said Robert C. McFarlane, the President's national security adviser, had become extremely concerned that El Salvador could go "down the drain" unless there was a drastic increase in military aid.

He said Mr. McFarlane had been pressing since before Mr. Reagan left for China last month for a speech to a joint session of Congress appealing for his military aid package, which is facing major difficulty in both the House and the Senate.

Earlier this year, Mr. Reagan asked for \$93 million in military assistance to El Salvador. The Republican-controlled Senate approved only \$63 million. After the House would not approve any money before its Easter recess, the Administration channeled \$32 million to El Salvador under the President's emergency powers.

Three officials said both James A. Baker 3d, the White House chief of staff, and Michael K. Deaver, the deputy chief of staff, had opposed having a speech to a joint session of Congress. But one official said Mr. Baker favored some kind of a televised address, perhaps from the Oval Office.

Several officials said Mr. McFarlane was supported in his concern by Secretary of State George P. Shultz, Defense Secretary Caspar W. Weinberger and William J. Casey, Director of Central Intelligence.

'Need to Show It in May'

A White House official said, "The national security community believes that we need to show commitment, and we need to show it in May because of the problem that is coming in September and October."

Another official, however, said Mr. Baker and Mr. Deaver, the leading strategists at the White House for Mr. Reagan's re-election campaign, were concerned that a major push on Central America could cost the President political support.

"Right now, we get heavy negatives on our Central America policy," a White House aide said, alluding to public-opinion polls. "But it's not very high in the public's consciousness. The concern is that if we make a big deal out of it, we won't change anyone's mind and we'll just invite people to dump on us."

He added, "The staff is at odds over what's the payoff for a big push by the President."

'Preserving Democracy'

Another official, however, said Mr. Baker had come to agree that a major drive on behalf of the military aid package was in order. He said Mr. Baker felt that Central America was an unavoidable political issue and that it could be won if the President put it in terms of "the issue of preserving democracy."

The White House is understood to be debating whether Mr. Reagan should go back to Congress and ask for the original \$93 million in military assistance, given the latest intelligence reports of the situation in El Salvador. The amount Mr. Reagan plans to request is said to be unresolved.

White House aides suggested the Central America situation was the biggest difficulty Mr. Reagan faces now that he is back from what China.

The President, exhausted from the trip and a one-day stopover in Fairbanks, Alaska, to see Pope John Paul II, flew to the Presidential retreat at Camp David, Md., for the weekend. White House aides said he would probably receive a recommendation on the format of the speech this weekend.

Some Frustration Reported

Several White House aides said there had been some frustration among top members of the President's staff over the performance of both Mr. Casev and Mr. Weinberger in pushing for aid in Congress.

They said both officials had lost credibility because of their dealings with members of Congress on various issues—Mr. Casev because of his statements about covert assistance to rebels in Nicaragua and Mr. Weinberger because of his fights over the military budget.

Key officials said the degree to which Mr. Reagan pushes for a military aid package to El Salvador is likely to be a test of Mr. McFarlane's influence in the White House. Mr. McFarlane was named national security adviser last October, succeeding William P. Clark, who was named Interior Secretary.

Mr. Clark was known in the White House for taking a hard line on aid to Central America, and he fought Mr. Baker and Mr. Deaver on this and other issues.

"Bill Clark was somebody who could go in to the Oval Office, close the door and say to the President that he had to do this," a White House aide said. "It remains to be seen if Bud is able to have that sort of clout."

STAT

Congress failed to check CIA in past, study says

WASHINGTON (AP) — Congress made "virtually no effort" to check on the Central Intelligence Agency's activities in Southeast Asia during the years that led to U.S. involvement in the Vietnam War, a congressional report said yesterday.

The Senate Foreign Relations Committee's issuance of the study coincided with a meeting of the Senate Intelligence Committee to tighten its monitoring of the CIA in Central America and elsewhere.

The report also came amid rising concern in Congress that the Reagan administration's policies for combating communism in Central America could lead to a Vietnam-style war in the region.

The Intelligence Committee called yesterday's closed meeting

after William J. Casey, the CIA director, acknowledged last week that he had not adequately briefed the panel about the agency's supervision of the mining of Nicaraguan ports.

The study, prepared for the Foreign Relations Committee by Library of Congress researchers, highlighted both similarities and differences between congressional oversight of the CIA now and in the 1950s.

"Although the agency's role in Indochina was and continued thereafter to be very active, there was virtually no effort made by Congress during this time to examine what the agency was doing or the consequences of its activities, or to exercise any control over those activities," the report said.

Duarte Victory Could Help Reagan Effort to Salvage Central America Aid Plan

By DAVID ROGERS

Staff Reporter of The Wall Street Journal WASHINGTON — Jose Napoleon Duarte's likely victory Sunday in El Salvador's presidential election poses a double-edged sword for President Reagan in his own war at home with Congress over military aid to Central America.

Mr. Duarte's moderate, democratic image is a crucial asset for the Reagan administration in its struggle to win additional aid for El Salvador. Yet Mr. Duarte's flexibility toward negotiations and his credibility among liberals and moderates in the U.S. Congress also serves as a reminder of what critics contend is missing in Mr. Reagan's policies in the region.

"Duarte has met and talked on policy issues with more members of Congress than Ronald Reagan," says Rep. James Leach (R., Iowa). "The President has shaken more hands, but Duarte has really been around."

been around."
And even as Mr. Reagan seems on the verge of winning new aid for El Salvador, mistrust of the Central Intelligence Agency's covert war in Nicaragua has badly undercut support for that separate operation. The president has never been weaker on that second front. The Democratic-controlled House seems prepared to force a confrontation, and Mr. Reagan is pitted against a House Intelligence Committee that commands unusual personal and institutional ties within the chamber.

Mindful of this, senior Republicans are urging the President to use the Salvador elections—and a Duarte victory—as an opportunity to insert himself more directly in the debate by delivering a major address

on Central America.

"Bring out the map and just get down to the dang fundamentals," says House Minority Leader Robert Michel (R., Ill.). Mr. Reagan's close friend, Sen. Paul Laxalt (R., Nev.), has made the same point in private talks with the president. "I think he has to get out and explain the policy," says Mr. Laxalt. "We politicians think that what we say is so profound that, once the bell rings, it rings forever. The interest span is short out there."

Recent debate has been clouded by the internal politics of congressional appropriations committees. The effects of the Salvadoran elections may start to become apparent next week when the House leadership is expected to bring the 1985 foreignaid authorization bill to the floor. This will provide an opportunity for votes on El Salvador aid. And though this bill itself may never clear Congress, the debate will help determine later action on spending legislation

tion.

The House Appropriations Committee voted Wednesday to ignore a Senate-passed bill providing \$61.8 million in military aid for the Salvadoran regime. But if Mr. Duarte is elected, Democrats are confident of winning approval for these funds. Mr. Duarte's effectiveness in El Salvador has been mixed, but to the U.S. Congress he remains one of the best-known Central American leaders and a man capable of coming to the Capitol and building constituencies for his country.

The debate seems certain to focus less on the level of aid and more on what conditions will be attached, with critics contending that conditions are needed to strengthen Duarte's ability to carry out a land redistribution program and end human-rights abuses.

The administration's real frustration is that, in its rush to win quick approval of some increased funding, it allowed the amount to be whittled down substantially from what Mr. Reagan first requested. After asking for \$178 million, the State Department came in for a down payment of \$92.8 million in March. To buy peace in the Senate before the first round of Salvadoran elections, the number was cut to \$61.8 million. Now, when the president has a chance to get more money, he finds the debate has been defined in terms of only a third of his original request.

The prospects are bleaker on funding for the CIA-backed war in Nicaragua. The disclosure last month of the agency's direct role in the mining of Nicaraguan harbors hurt the administration badly. And while CIA Director William Casey has patched up differences with influential senators, he and the entire operation are viewed with more suspicion.

The heavy vole in the Senate won't re-

The heavy vole in the Senate won't repeat itself," says Sen. Daniel Inouve (D., Hawaii), who played a key role in securing both the El Salvador money and \$21 million for the CIA operation. "It won't be by

the same margin."

The House voted twice last year to cut off funds for Nicaraguan rebels, and appears determined to enforce a \$24 million ceiling for the current fiscal year ending Sept. 30. The CIA can't legally spend above this level, and the issue portends a confrontation between Congress and the president

The available funding may be stretched out until next month, but unless some compromise is reached U.S. support for the Nicaraguan operation will have to be ended. Mr. Casey, in closed-door congressional testimony vesterday, indicated that contingency plans haven't been made for ending U.S. assistance; but the remaining aid is estimated at less than \$1 million, according to intelligence sources.

It is a striking contrast from El Salvador, where congressional opposition always has been more vocal than real, because of fear of being blamed for a Communist takeover. In Nicaragua, the mining and CIA-supervised attacks on oil-storage tanks and a Salvadoran guerrilla radio station cast the U.S. as the aggressor, a much less comfortable role for Congress.

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ALEXANDER SAYS ADMINISTRATION LIED TO CONGRESS BY JEFF NECESSARY LITTLE ROCK, ARK.

STAT

CIA director William F. Casey and other administration officials have lied to Congress about American policy in Central America, Rep. Bill Alexander, D-Ark., said Friday.

Alexander, a Democratic leader in the House, recently returned from a congressional tour of Central America. He said Casey should be removed from the top spot in the intelligence agency.

''The administration has not revealed its plan to Congress,'' Alexander said in a Little Rock news conference. ''In fact, Bill Casey and other members of the administration have lied to Congress about what the policy is. Bill Casey should be replaced.''

Alexander, who toured the region last week along with Georgia Democrat Wyche Fowler and Ohio Republican Ralph Regula, said President Reagan has not stated a clear policy for the region and has bungled his efforts at 'gunboat diplomacy' through military force.

Alexander suggested a five-part program to bring stability to the region:

- -- A ceasefire.
- -- An immediate ''stand down'' of all armies.
- -- Installation of a peace keeping force.
- -- The end of all arms shipments from the outside.
- -- A summit meeting of Western Hemisphere nations to discuss the existing problems and work on solutions.
- ''If our policy is to overthrow the Sandinista government in Nicaragua,''
 Alexander said. ''we are fighting the wrong enemy. The enemy is not communism.
 The enemy is poverty, hunger and years of oppression. What is needed in Central
 America is a comprehensive policy to deal with those problems that foment
 discontent and cause people to take arms against their government.''
- ''The Central American leaders say, 'Do not escalate the war in Central America,''' the congressman said. ''Military policy has failed in Central America.''

Alexander said his discussions with Edgar Chamorro, a leader of the U.S.-backed Nicaraguan Democratic Force revealed that the <u>CIA</u>, <u>along with previously revealed covert operations on land and sea, has a secret air force that is bombing Nicaraguan targets using Salvadoran pilots.</u>

''The CIA is managing a war that's too big to hide and too hot to handle,' Alexander said, adding his belief that the intelligence agency was put in charge of the Central American operation because the Pentagon wouldn't touch it.

GOP Member Of Panel Wants

Casey to Re

By Joanne Omang and Don Oberdorfer Washington Post Staff Writers

Rep. William F. Goodling (R. Pa.), a mem. ber of the House intelligence committee, yesterday called for the resignation of CIA Di rector William J. Casey on grounds that Congress no longer has faith in what he says.

In an interview, Goodling said he had told the White House several times that Casey's personality "does not necessarily encourage" cooperation and togetherness _____ think we need new leadership at the CIA if we are to have a nonpartisan committee. He said Casey's departure would be "the only way Is can see to bring about a better working relationship" between the CIA and Congress

Goodling, considered a moderate on the intelligence panel, is the first member of the two oversight groups on the Hill to call for Casey's departure since the revelation last month of direct CIA involvement in mining Nicaraguan waters. He said other Republicans agreed with him but probably would

not say so publicly.

Casey came under fire last month for mentioning direct CIA involvement in the mining of Nicaraguan waters only once during a 90-minute briefing of the Senate intelligence committee earlier this year. That reference was indirect, to the effect that the harbors "are being mined." Casey subsequently agreed that the committee's complaints were justified.

Members of the Senate panel yesterday

reached a tentative agreement with the CIA on ways to deal with committee demands to be kept more fully informed on the secret aspects of the growing United States involve-

ment in Central America.

Sen. John H. Chafee (R-R.I.) said the committee was "firm" in telling deputy CtA general counsel Ernest Mayerfield that we really must have complete disclosure way beyond just a response to questions." Chafee said he did not agree with Goodling ... that Casey was ineffective in dealing with Congress "and that's not the sentiment of the Senate committee," he said.

Committee staff aides said there was general agreement, without votes or formal de-

WASHINGTON POST

4 May 1934

cisions, that the panel should be told forthrightly "anything the agency thinks worth telling the president and the National Security Council," as one aide said; that the committee should be able to expect information in certain areas without thaving to ask for it specifically; and that committee staff operations should be restructured to improve internal communication of things individuals have dearned. Specific rules will be voted on later, they said members "shot down" a

staff proposal that intelligence community, witnesses testify under oath. "If we get to that point we're really in trouble,"

he said.
In other developments, the White House yesterday affirmed its "full confidence" in U.S. Ambassador to El Sal-

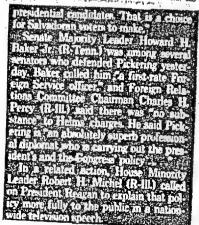
vador Thomas R. Pickering, rejecting a: call from Sen. Jesse Helms (R-N.C.) for.; his resignation.

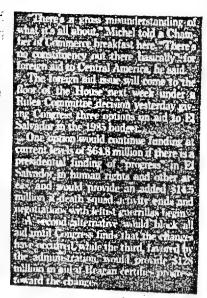
Deputy press secretary Larry Speakes denied Helms' assertion that the United States, through Pickering, has tried to boost the presidential candidacy of moderate former president Jose Napoleon

Duarte The senator said in a letter Wednesday to the ARENA party of Duarte's chief opponent in the race that "in his actions designed to rig the electoral outcome, Ambassador Pickering is the leader of the death squads against democracy."

A reply to Helms is being drafted, Speakes said, adding: "The president has

full confidence in the ambassador."
State Department spokesman Alan Romberg repeated that the administration has "been totally neutral as to the





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Republican on unit asks Casey to quit

Knight-Ridder Service

WASHINGTON - A Republican member of the House Intelligence Committee called yesterdy for the resignation of William Casey as director of central intelligence, asserting that Casey has lost the confidence of Congress.

"I think Casey has got to get out of there ...," said Rep. William Goodling of Pennsylvania in an interview. "I think the best thing in the world would be for the President to find a new position for Mr. Casey."

It was believed to be the first call by a member of Congress for Casey's resignation since a political firestorm was ignited nearly a month ago by disclosures that the CIA had planned and directed the mining of Nicaraguan harbors.

But Goodling's words came on the heels of private comments by some influential Administration officials that Casey might have to go as a result of the mining controversy.

Goodling said Casey had created an impression of "personal arrogance" with many members of the Intelligence Committee, which oversees CIA operations.

The political furor over the



WILLIAM CASEY Heads CIA

mining has endangered the future of a major CIA program that provides support for forces opposing the Sandinista government of Nicaragua. Approved For Release 2005/11/28: CIA-RDP91-00901R000400030002-2

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WASHINGTON TIMES 3 May \$984

Letters

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Informing Congress of covert activities

The April 12 editorial, "Mining U.S. foreign policy," was critical of my position on mining the harbors around Central America. What you fail to remember, and maybe you never heard it, was that I said at the time of this uproar that had I been president I would have ordered the mining of these harbors myself, only I would have done it a little differently. I would have told the American people about it.

My main objection was not the fact that there was mining; it was that the CIA had completely failed in its responsibilities to inform our committee of this covert action. Now, I know William Casey and some members of my committee have said that information was given but, I can tell you, having sat through every hearing that we've had, this is not true. It wasn't a case of Sen. Ted Kennedy out-foxing anybody, it was just a case of the CIA failing to observe the requirements of the law, that established by both of the intelligence committees in the Senate and House.

BARRY GOLDWATER Chairman, Intelligence Committee U.S. Senate Washington

C.I.A. Said to Direct Air Raids in Nicaragua

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By PHILIP TAUBMAN Special to The New York Times

WASHINGTON, May 2 - Two air strikes against Nicaragua in February were directed by the Central Intelligence Agency with the help of specially trained Latin Americans, and not by Nicaraguan rebels as first reported. American officials said today.

The attacks against a radio transmit-ter reportedly used by Salvadoran guerrillas and a military camp, in which four Nicaraguans were killed, took place on Feb. 2.

The Reagan Administration has not previously acknowledged direct United States involvement in air attacks on

Nicaragua.

Last year United States officials in Central America said the C.I.A. was claimed responsibility last October for using a Salvadoran Air Force base and some Salvadoran pilots to transport supplies to United States-backed rebels in Nicaragua. The Administration has also confirmed a United States role in ? the mining of Nicaraguan harbors.

Disavow Responsibility

When the air attacks took place, Nicaraguan rebels supported by the C.I.A. claimed responsibility for carrying them out. The rebels disavowed responsibility last weekend in discussions in Honduras with a delegation of visiting Congressmen, reporting that they were ordered to take credit for the operation by the C.I.A. for an operation that was handled solely by the agency, two of the Congressmen said today.

After Representatives Bill Alexander, Democrat of Arkansas and Wyche Fowler Jr., Democrat of Georgia, reported on their meeting with the rebels ' at a news conference, United States officials confirmed privately that the air raids had been conducted in a manner. similiar to the way the C.I.A. organized the mining of Nicaraguan harbors.

They said Nicaraguan rebels were not involved in the air strikes. Instead. they said, the C.I.A. trained a group of Latin Americans, primarily Salvadorans, to carry out a number of air attacks from bases in Honduras and El Salvador, including the two raids on Feb. 2. The officials declined to provide any additional information about the identities of the pilots or to specify when other attacks took place.

The planes and bombs used in the attacks on Feb. 2 and in other raids, the officials! said, were provided by the C.I.A. The officials said the air attacks were planned and supervised in Honduras and El Salvador by Americans working for the C.I.A.

No American Participated

No Americans have taken part in military actions inside Nicaragua, the officials said.

When the mining of Nicaraguan har-

bors began in January, Nicaraguan rebels took responsibility. They also an attack by speedboats that destroyed Nicaragua's main oil storage installations at Corinto, a Pacific port.

The C.I.A. later informed Congress that these attacks had been carried out by Latin American commandos under the direct supervision of the agency,

rather than by Nicaraguan rebels.

The disclosure of direct United States involvement in the mining and attack on Corinto led to a furor in Congress last month. The Senate Select Committee on Intelligence, raising questions about C.I.A. compliance with Federal laws that require advance notification of Congress about intelligence operations, complained that the C.I.A. had not provided details of its role in the mining until it informed the panel's staff members on April 3.

It was not clear today whether the C.I.A. informed Congress about its role in the air attacks.

Mr. Fowler, who is a member of the House Select Committee on Intelligence, said he had not been informed about a direct C.I.A. role in air attacks against Nicaragua and first learned of the possibility during his visit to Honduras last weekend.

A spokesman for the C.I.A., George V. Lauder, said the agency would not. comment on intelligence operations, including covert activities in Nicara-

William J. Casey, the Director of Central Intelligence, is scheduled to meet with the House committee on Thursday.

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CONGRESS TURNED BLIND EYE TO CIA BEFORE VIETNAM, REPORT SAYS BY W. DALE NELSON WASHINGTON

Congress made "virtually no effort" to check on the CIA's activities in Southeast Asia during the years that led to U.S. involvement in the Vietnam war, a congressional report said Thursday.

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Issuance of the study by the Senate Foreign Relations Committee coincided with a meeting of the Senate Intelligence Committee to tighten its monitoring of the CIA in Central America and elsewhere.

The release also came amid rising concern in Congress that the Reagan administration's policies for combating communism in Central America could lead to a Vietnam-style war in the region.

The Intelligence Committee called Thursday's closed meeting after CIA Director William J. Casey acknowledged last week that he had not adequately briefed the panel about the agency's supervision of the mining of Nicaraguan ports.

The study, prepared for the Foreign Relations Committee by Library of Congress researchers, highlighted both similarities and differences between congressional oversight of the CIA now and in the 1950s.

"Although the agency's role in Indochina was and continued thereafter to be very active, there was virtually no effort made by Congress during this time to examine what the agency was doing or the consequences of its activities, or to exercise any control over those activities," the report said.

It quoted a 1976 finding by a Senate investigating panel that "members often preferred not knowing about agency activities" and that CIA Director Allen Dulles had "secured the absolute trust of senior ranking members" of key congressional committees.

Members of the Senate Intelligence Committee have also been criticized for failing to question the CIA sharply enough.

Casey, on the other hand, has angered influential members, including committee Chairman Barry Goldwater, R-Ariz., who told him in a letter that the mining appeared to be an indefensible, war-like act.

The report on CIA oversight is part of a 365-page study, the first of a projected four volumes, that outlines executive and legislative branch actions affecting the U.S. role in Southeast Asia from 1945 to 1961.

In a foreword to the study, Sen. Charles H. Percy, R-Ill., chairman of the Foreign Relations Committee, wrote:

"The Vietnam war had a profound effect on America. It helped to unravel a general foreign policy consensus, alienate many young people and create doubt about the viability of our government's policies. In its wake, new divisions emerged between Congress and the executive, making it more difficult to

Continued

WASHINGTON TIMES 2 May 1984

House, Senate end conference on aid to 'contras'

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By Thomas D. Brandt THE WASHINGTON TIMES

A House-Senate conference on Central American military aid has been shelved to make way for a fresh House bill that ignores a controversial White House request for \$21 million in CIA funds to help guerrillas opposing Nicaragua's Marxist-led government.

The House Appropriations Committee was to meet this morning on a substitute bill that has no funds for anti-Nicaraguan operations and an unspecified amount for 30 more days of military operations in El Salvador.

The conference was to have met on a \$1.3 billion bill passed by the Senate that includes S61.7 million for El Salvador, \$21 million for the "contras," guerrillas opposing the Nicaragua government, plus more than a billion dollars in unrelated programs. The original bill that passed the House March 6 included only \$60 million to relieve a famine in Africa.

Coming back to the House, the Senate's version of the bill met a firestorm of opposition, primarily as a response to news accounts that the CIA aidedin the mining of Nicaraguan harbors, but also

from subcommittee chairmen angry that they had no role in the billion dollars targeted for other programs.

After word of the minings, the Senate and House quickly passed resolutions against further use of U.S. funds for such operations. Though non-binding, the resolutions passed both houses by large margins.

To meet the objections of the bill's critics, Appropriations Committee Chairman Jamie Whitten, D-Miss., drafted a new bill after consulting with his subcommittee chairmen and working with House Speaker Thomas P. O'Neill, D-Mass.

"I am opposed to [funding for guerrillas in) Nicaragua all the way," Mr. O'Neill said vesterday, repeating an ear-lier pledge. "Nicaragua is not going to get through this House."

The new Whitten bill includes the \$60 million for African famine relief, \$100 million for summer jobs for youth, \$402 million for child nutrition programs and \$66 million for WIC (women and infant care) for a total of \$627 million.

The items unrelated to Central America were also in the Senate-passed

There is no CIA funding and the sec-

tion on El Salvador has no dollar amounts, but permits the spending of unobligated balances from military assistance programs for 30 days and under existing restrictions. Earlier this month President Reagan used his authority under a separate emergency program to advance \$32 million to El Salvador.

A Democratic aide at the House Appropriations Committee yesterday said that there are currently no plans for the original House-Senate conference to meet, though a future meeting cannot be ruled out.

At the Republican-controlled Senate Appropriations Committee, an aide said that the House conferees had declined their offers to meet.

Earlier this week Rep. Dante Fascell, D-Fla., predicted that no conference would take place because the differences were so great.

"Right now I would say there just" won't be a conference," said Mr. Fascell. who is chairman of the Foreign Affairs Committee. "The House and the Senate don't agree, so there's no need to have one."

The Senate Intelligence Committee will meet today to consider tightening

up its oversight procedures in the aftermath of the controversy over CIAbacked mining of Nicaraguan ports.

Committee members have contended, and the committee said CIA Director William J. Casey conceded in a closed-door meeting last week, that the panel was not adequately briefed on the CIA's role in the mining.

The Intelligence Oversight Act, passed in 1980, requires that the House and Senate intelligence committees be kept informed about "significant anticipated intelligence activities" of the CIA and other government agencies.

The House passed 416-0 yesterday a resolution expressing support for the efforts of the so-called Contadora nations — Colombia, Mexico, Panama and Venezuela - to work out a regional peace settlement in Central America.

The resolution noted that Mr. Reagan has also expressed support for the Contadora effort, and Rep. Robert J. Lagomarsino, R-Calif., said, "Where there is disagreement on the president's policies, I believe it has been on the most effective way to achieve the objective of. a political settlement."

May 1984

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The Health of U.S. Intelligence



William J. Casey Director Central Intelligence Agency

N INETEEN Eighty-four is my fourth year as Director of Central Intelligence. It has been a rich and gratifying experience. During the past three years, the Intelligence Community has been tested by world events but I am happy to report that we have met the challenges.

In these three years, we have created a number of new capabilities for dealing with world problems. We have contributed to thwarting terrorist attacks, helped to recover stolen technology and facilitated rescue operations in many parts of the world. The quantity and quality of our finished analysis is at the highest level in history. We published some 50 National Intelligence Estimates last year, 25 other Intelligence Community Assessments, as well as the results of more than 800 research projects on a diverse range of subjects. This was in addition to our stream of periodicals: dailies, weeklies, monthlies and quarterlies. In 1983, the KGB took the worst shellacking in its history—147 Soviet intelligence agents defected or were expelled from over 20 countries.

The threats to our national security, however, continue to grow. The Soviets have under development a large number of new conventional and strategic weapon systems. Soviet forces now operate from full-fledged bases in Cuba, Vietnam, Syria, South Yemen,

Ethiopia, Libya, Angola and over a dozen additional countries allowing more limited access. We are in action every day, dealing with the worldwide apparatus of the KGB, plus some 70 nongoverning communist parties, plus peace and friendship organizations all over the world directed from Moscow, plus the East German, Cuban and other Bloc intelligence services—all working to steal our technology, to damage our reputation, to divide us from our friends, to destabilize, subvert and overthrow governments friendly to us. There is the new, unsettling specter of state supported terrorism. The indebtedness of less developed countries could shake the stability of the international financial system. Nuclear proliferation is likely to become a greater threat to the international systems and to U.S. interests in coming years.

Fortunately, the President and Congress are giving us the resources to meet these challenges. We are well on the way to recovering the ground lost during the 1970s. Last year, about a quarter of a million Americans applied to work at CIA—a reflection of the public's improved attitude toward and confidence in

their intelligence service.

The Intelligence Community is diverse; the range of the talents of its people and their capabilities is unique. I am proud of our accomplishments and the people who are responsible. Our continued effectiveness will depend in large part upon the support of the defense community including the companies which support AFCEA. You have my continuing good wishes for success.

That's intelligence?

"First you say you do, and then you don't," begins the old standard. "Then you say you will, and then you won't. You're undecided now, so what are you gonna dooo?"

How well that old refrain fits the current song-and-dance routine on Capitol Hill cued by recent disclosures of Central Intelligence Agency involvement in the mining of Nicaraguan harbors. For example, before the news broke in early April, the Senate overwhelmingly approved \$21 million in covert aid to Nicaraguan rebels. After the news broke, the Senate flipflopped and voted overwhelmingly (and only symbolically) against it. First, some senators complained that the CIA never told them about its plans. Later, other senators said the agency did. Meanwhile, the CIA would not say whether it did or didn't get involved in mining. Later, the agency admitted it did get involved. Then; the CIA's director said the senators were briefed. Later, he apologized that, well, in effect, maybe they weren't. In the middle of all this, the vice chairman of the Senate's CIA oversight committee resigned his post in protest. Now, he says he'll stay.

That should wrap up the old denial routine. Now, as the song asks, what are they going to do?

The CIA should start by acting, not just promising, to re-establish its credibility in Congress. Agency Director William J. Casey last Thursday agreed to give prior notice of "any significant anticipated intelligence activity." That merely amounts to a paraphrasing of provisions of pre-existing law which require just that. Mr. Casey must commit himself personally to regular and timely meetings, especially with his agency's Senate overseers. He must keep Congress abreast of the CIA's covert war(s) lest his reflexive secretiveness and evasiveness singlehandedy undermine the war effort's just purposes.

The Senate's overseers, meanwhile, must correct the flaws evident in their performance. Their lack of inquisitiveness contrasts sharply with their House counterparts, who sought and received a full accounting of CIA mining activities weeks before the senators did.

Finally, all involved must remain

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aware of the philosophical contradictions of secret activities conducted by an open society. But they also must be prepared to present the practical case for their need. Let that informative show begin, and let the dumb show stop.

Letters to The Times

STAT

Placing Blame

As an avid consumer of Conrad cartoons I was shocked to see CIA Director William Casey's face on the bottom right-hand Wanted Poster of terrorists (April 23), along with that of Moammar Kadafi, the Ayatollah Khomeini and Yasser Arafat. Why wasn't President Reagan's face on that poster? Why put the blame on Casey, who, after all, is

only following orders?

Reagan signed the authorization for \$19 million in covert operations against Nicaragua, and also authorized the mining of Nicaragua's harbors, violating both the Neutrality Act and the international laws pertaining to the rights of freedom of the seas. Shifting the blame for this to Casey is tantamount to admitting that the President does not have control over the CIA. If this is the case, we might as well abolish the organs of our representative government and end the charades.

However, this is not the case. The CIA takes its orders directly from the White House, and only the President has complete security clearance for all intelligence branches. It never ceases to amaze me how the President can get by without substantive criticism of his policies. But I almost forgot: It is an election year, and how better it is for the chief of the CIA to appear as a representative of "state" terrorism than for the head of state who wishes to exude the appearance of a peacemaker. What really frightens me though is that possibly more than a few buy these shifts of appearances because they want to:

TALMADGE WRIGHT